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ABSTRACT

This transcript is from the third in a series of hearings before the Senate Subcommittee on Social Security and Family Policy focusing on whether the present welfare system should be reformed or replaced. A series of public officials, child and family advocates, and other interested parties testified on the issue of enforcement of child support orders. Their remarks included the following: (1) the enforcement program has worked well in some states; (2) many of the absent parents are poor themselves and cannot pay; (3) legal procedures to establish paternity are often long and/or too complicated; (4) more interstate networks must be formed; (5) the underlying causes of single parent households, such as teen pregnancy, must be addressed; (6) state guidelines and formulas for support payments must be reviewed and perhaps federalized; (7) state agencies which supply child services must be strengthened; (8) some mandatory work programs which have failed or which harass and dehumanize the poor should be discontinued; and (9) substantial money and resources must be allocated for any social program which will upgrade or replace the present ones. (VM)

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WELFARE: REFORM OR REPLACEMENT?
(Child Support Enforcement—II)

HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

OF THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

FEBRUARY 20, 1987

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CONTENTS

ADMINISTRATION WITNESS

Page

Stanton, Wayne A., Administrator, Family Support Administrator and Director, Office of Child Support Enforcement 112

PUBLIC WITNESSES

Pepper, Hon. Claude, U.S. Congressman from the State of Florida 85

Dukakis, Hon. Michael, Governor of the Commonwealth of Massachusetts, accompanied by Grady Hedgersbeth, Chief of Child Enforcement Program, and Charles Atkins, Commissioner of Public Welfare 91

Maroney, Hon. Jane, Representative, Delaware State Legislature, accompanied by Joy Johnson Wilson, Staff Director, Health and Human Services Committee, National Conference of State Legislatures 142

MacIlwaine, Paula, Commissioner, Montgomery County, OH, and Chairwoman, NACO Work and Welfare Task Force, accompanied by Larry Jones, Legislative Representative for Employment/Labor and Employee Benefits 172

Kenney, Kevin P., Associate County Administrator, Bureau of Social Services, Hennepin County, Minneapolis, MN, accompanied by Thomas Joseph, Legislative Representative for Human Services, National Association of Counties 181

Edelman, Marian Wright, President, Children's Defense Fund, Washington, DC, accompanied by Mary Lee Allen, Director, Child Welfare and Mental Health, and Barbara Savage, Senior Staff Attorney 201

Curtis, Carol E., single parent, Darien, CT 241

Kastner, Carolyn K., President, NCSEA, and Director, State and Local Policy, Center for the Support of Children, Cambridge, MA 246

Abbott, John P., Director, Child Support Program, Salt Lake City, UT 257

Paikin, Susan F., Director of Support, Family Court of Delaware 270

Heintz, Stephen B., Commissioner, Department of Income Maintenance, Hartford, CT 293

Fulton, Robert, Commissioner, Department of Human Services, Oklahoma City, OK 308

Denning, John T., President, American Association of Retired Persons, Washington, DC 332

Denton, James S., Executive Director, National Forum Foundation, Washington, DC 346

Garfinkel, Prof. Irwin, School of Social Work and Institute for Research on Poverty, University of Wisconsin at Madison 359

Bergmann, Prof. Barbara R., Department of Economics, University of Maryland, College Park, MD 372

ADDITONAL INFORMATION

Committee press release 1

Child Support and Establishment of Paternity, by the staff of the Committee on Finance 29

Prepared statement of:

- Senator Daniel Patrick Moynihan 2
  - Shouldn't Low-Income Fathers Support Their Children, by Blanche Berstein, from the Public Interest, Winter 1982 11
- Senator George J. Mitchell 25
- Senator Dave Durenberger 27
- Governor Michael S. Dukakis 104

Page

Prepared statement of—Continued

- Wayne A. Stanton 124
  - Requested information on the garnishee provision 137
- Hon. Jane Maroney 147
  - Child Support Guidelines 153
- Paula MacIlwaine 175
- Kevin P. Kenney 184
  - IV-D-AFDC Paternity Establishment 198
- Marian Wright Edelman 208
- Carol E. Curtis 244
- Carolyn K. Kastner 249
- John P. Abbott 261
- Susan F. Paikin 273
- Stephen Heintz 296
- Robert Fulton 311
- John T. Denning 335
- James S. Denton 349
- Irwin Garfinkel 365
- Barbara R. Bergmann 374

COMMUNICATIONS

Ann Helton, Executive Director, Maryland Department of Human Resources' Child Support Enforcement Administration 385
Organization for the Enforcement of Child Support, Inc. 397
Second Husbands Alliance for Fair Treatment 399
Increase in number of unmarried mothers in Md. causes concern, from The Sun, March 13, 1987 402
Center for Law and Social Policy 403

WELFARE: REFORM OR REPLACEMENT?

(Child Support Enforcement—II)

FRIDAY, FEBRUARY 20, 1987

U.S. SENATE,
COMMITTEE ON FINANCE,
SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY,
Washington, DC.

The committee was convened, pursuant to notice, at 9:36 a.m., room 215, Dirksen Senate Office Building, the Honorable Daniel Patrick Moynihan (chairman) presiding.

Present: Senators Moynihan, Bradley, Daschle, and Durenberger.

[The press release announcing the hearing, the prepared statements of Senators Moynihan, Mitchell, and Durenberger and a background paper by the staff of the Committee on Finance follow:]

[Press Release No. H-16, Feb. 5, 1987]

SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY ANNOUNCES THREE FURTHER HEARINGS ON WELFARE: REFORM OR REPLACEMENT?

WASHINGTON, DC.—Senator Daniel Patrick Moynihan (D., N.Y.), Chairman, announced today that the Subcommittee on Social Security and Family Policy of the Senate Finance Committee will continue with its series of five hearings on "Welfare: Reform or Replacement?"

The three upcoming hearings will focus on the following aspects of the welfare system:

February 20—Child Support Enforcement;
February 23—Work and Welfare, and;
March 2—Short-term vs. Long-term Dependency.

Senator Moynihan stated that the Subcommittee expects to receive testimony at these hearings from expert witnesses as well as from individuals and groups with an interest in the welfare of children and families.

The Chairman said he anticipates that the witnesses will address such issues as: the basic principles that should guide legislative action on behalf of dependent children and their families; how parental responsibility for the care of children can be better enforced; how poor parents can be helped to increase their incomes through work; how government policy can effectively distinguish between households likely to be dependent for short and long periods of time; what role various levels of government ought to play; and how programmatic recommendations can be implemented in a period of fiscal restraint.

These hearings will begin at 9:30 a.m. on the dates shown above, in Room SD-215, Dirksen Senate Office Building.

CHILD SUPPORT

Statement by

Senator Daniel Patrick Moynihan

Chairman

Senate Committee on Finance

Subcommittee on Social Security and Family Policy

Hearing III: "Welfare: Reform or Replacement?"

Dirksen Senate Office Building

Friday, February 20, 1987

This is the third in our series of hearings on transforming the inadequate, ineffective, and politically insupportable Aid to Families with Dependent Children (AFDC) program into a new system of child support. Such a child support system would look first to parents to secure the well-being of their children.

Background

In 1935, when the AFDC program was enacted into law as Title IV of the Social Security Act, the public perception of the typical recipient was the West Virginia coal miner's widow and her children. AFDC was intended to pay such widowed mothers to stay home and raise their children. In those days, mothers did not work.

In the last 52 years, things have changed. Today, divorce accounts for 68% of single-parent families, illegitimacy another 20%, long-term separation 8%, and death of a spouse only 3%. That is why AFDC did not "wither away" as Survivors Insurance, added to the Social Security Act in 1939, matured. The original Aid to Dependent Children program, meant to be a temporary bridge -- just as Old Age Assistance was a temporary source of support until Old Age Insurance matured -- has instead grown into the major means of public support for children. In 1986, Survivors Insurance successfully paid benefits to 3.3 million children whose parents had died or become disabled. AFDC serves seven million children of the 12.5 million children who are poor in the United States today.

Such facts are slow to sink in. In 1950, for the first time, Congress responded to the fact that fathers may be absent from single-mother families for reasons other than their death or disability in an industrial accident. Congress amended the Social Security Act to require state welfare agencies to notify law enforcement officials when AFDC was being furnished to children who had been deserted by a parent.

This so-called NOLEO amendment was succeeded by a number of subsequent legislative proposals, all aimed at bringing increasing pressure on parents to support their offspring. None seemed to make the slightest bit of difference. Children continued to go unsupported by their fathers. Blanche Bernstein, former Administrator of the New York City Human Resources Administration, summarized all this well in a 1982 article in the Public Interest:

> When the AFDC program was first established in the Social Security Act of 1935, little attention was paid to the issue of child support payments. The presumption was that most recipients would be wives and children of deceased or disabled fathers, and such was in fact the case during the early years of the Program. The change started in the 1950's and accelerated through the next two decades. By 1980, in the country as a whole, only about 4 percent of the fathers of AFDC recipients were deceased or disabled; in New York City less than 2 percent were. But while the characteristics of the welfare caseload changed, and although most state laws provided that support should be sought from the absent fathers, few serious steps were taken by state or local welfare administrations to accomplish this purpose. One reason was that the new facts about child support had not yet caught up with the outdated presumptions; another is that such efforts were not welcomed by the social welfare community or the judiciary.

The Child Support Enforcement Program

In 1975, Congress passed legislation creating the program we now know as the Child Support Enforcement Program, a program designed to assist all single mothers, regardless of their incomes, in establishing and obtaining court-ordered child support payments from absent fathers.

The 1975 law established the federal Parent Locator Service, the primary objective of which is to locate absent parents owing child support by searching pertinent federal records for employment and address information that will lead state officials to the parent. The Parent Locator Service can obtain Social Security numbers from the Social Security Administration, as well as employment information from the IRS.

Since 1975, the law has allowed state agencies to track fathers who are not supporting their children. We have these fathers' Social Security numbers and we should use them to make sure that parents support their children. After all, having children is not a private affair when their material support is delegated to the community.

The Child Support Track Record

In its first ten years of operation, the Child Support Enforcement program has collected nearly $16 billion for children, $6.8 billion for children receiving AFDC and $9.1 billion for children in non-welfare families. In FY 86, alone, $3.2 billion was collected, $1.2 billion on behalf of 767,000

AFDC cases and $2 billion on behalf of 764,000 non-welfare cases.

In 1986, total AFDC assistance payments for the single-parent caseload came to $14.2 billion. The child support collections made on behalf of the AFDC caseload ($1.2 billion) amounted to 8.6% of AFDC payments. The 767,000 AFDC cases that received child support payments last year represent only 21% of the 3.75 million cases receiving AFDC payments.

Despite legislative efforts to date, including the most recent Child Support Amendments in 1984, there is still much work to do. The statistics are widely known, but bear repeating: According to the federal Office of Child Support Enforcement's most recent Report to Congress, in 1983, 8.7 million women were raising children (under the age of 21) without fathers in the home. Of these, 58% (5 million) had court orders or agreements establishing a right to child support. Only half of these mothers (2.5 million) received the full amount owed. Another quarter (1.3 million) received only partial payments, while the remainder (1.2 million) received nothing at all.

Then there are the 42% of single-mothers (3.7 million) who have not even established court orders for child support awards. We do now know whether these mothers receive any support at all. Some may receive support on an informal basis. Officially, they get nothing. Thus, of the 8.7 million mothers raising children alone, 29% had their court orders paid in full, 14% got partial payments, and 57% got nothing.

The data are clear: Too many single mothers are still not getting the help they need from the Child Support program. Too many absent fathers are still behaving irresponsibly. As a result, too many children are still living impoverished lives. It is a disgrace, and we must do better.

A Matter of Enforcement

Some states are doing a first-rate job, collecting much more in child support than they spend on program administration. For example, in 1985, Michigan collected a total of $341 million in child support, a return of $7.62 for each administrative dollar spent. Pennsylvania collected $371 million, $6.68 per dollar spent; Nebraska collected $30 million, $6.32 per dollar spent; Iowa collected $34 million, $5.92 per dollar spent; and Delaware collected $11 million, $5.62 per dollar spent.

Governors, Mayors, and program administrators from these states are to be congratulated. We in the federal government must learn from them how we can enable all states to improve their collection efforts.

My own State of New York, particularly New York City -- in which 70% of the state's AFDC caseload resides -- would do well to follow the example set by these high-collection states. In 1986, New York collected $200 million in child support. As impressive as that sum sounds, it only amounted to $1.83 in child support collected for every administrative dollar spent. Nationwide, on average, $3.53 was collected for every dollar spent. In 1986, New York recovered only 4.2% of its AFDC payments, compared to the national average of 8.6%.

New York's below-average collections are particularly perplexing, given that the state has one of the highest caseworker-to-caseload ratios in the nation. In 1986, each full-time New York caseworker carried 150 cases, compared to a national average of 421 cases per worker. Although their caseloads are smaller, each New York caseworker collected, on average, $75,000 in child support, compared to a nationwide average of $139,000 per worker.

This lackluster performance helps to explain why, between 1982 and 1986, New York managed to increase its child support collections by 57% when the rest of the country, on average, increased collections by 82%.

The Majority of Children

Children living in single-parent families are no longer the exceptions to the rule. In 1985, 22% of children under age 18 were living with only one parent. But 60% of all children born in 1985 can expect to live in single-parent families before reaching their 18th birthdays. The normal child will spend part of his or her childhood with only one parent.

In 1985, nearly two-thirds (64%) of all single female-headed households received AFDC. At the rate we are going, 38% of all children born in 1985 are likely to become AFDC recipients.

The real purchasing power of AFDC benefits in the median state has declined by one-third between 1970 and 1986. In some states, the constant dollar value of these benefits has declined by more than half. Is this the future we hold out to our children? Is this the future we want for ourselves?

After all, the children of the 1980s are the workforce of the next century. And since the birthrate fell below the level necessary to maintain the population 15 years ago, we will have a declining labor force. This does not bode well for the baby-boomers who will be retiring early in the 21st century. At best, you future retirees will have two workers to support each of you. They had best be very productive workers. We had better start supporting our children as if our own lives depended upon it.

Doing Better

And so, we are here today to learn how we can improve our child support collection efforts. We already know that establishing paternity is key to the future success of child support enforcement. We also know that existing medical technology can prove paternity with as much certainty as is possible in this world. Why, then, on average, do we do such a mediocre job of establishing paternity? What should the federal government be doing to assist local governments in carrying out this all important task?

We also know that there can be long time delays and inequities associated with the process of establishing court orders for child support. In 1984, Congress required that states develop guidelines for determining support obligations. Some states are further along in this process than others. We should be trying to develop normative standards that will automatically be adjusted when the absent parent's income changes, either up or down, and that will eliminate the need for many households to go to court.

There are undoubtedly other areas of child support enforcement that require attention. We turn now to our witnesses who can tell us, with a good deal of authority, what we can do to help.

THE Public Interest

NUMBER 66, WINTER 1982, PRICE: $3.50

Art and Society

The Malignant Object: Thoughts on Public Sculpture
Douglas Stalker & Clark Glymour

Art and Anxiety: The Writing on the Museum Wall
Mark Lilla

Dissent from "The Malignant Object"
Wolf Von Eckardt/John Beardsley/Ronald Lee Fleming/Edward Levine

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Educating the Handicapped: Reforming a Radical Law	*John C. Pittenger & Peter Kuriloff*
Rethinking Housing Policy	*Edgar O. Olsen/ Irving Welfeld*
Politics and the Federal Reserve	*Robert J. Shapiro*
Summer Learning and School Achievement	*James Coleman*

Shouldn't Low-Income Fathers Support Their Children?
Blanche Bernstein

Shouldn't low-income fathers support their children?

BLANCHE BERNSTEIN

The title of this article may seem odd. If any proposition would receive an extraordinarily high affirmative vote in a national poll, it is that parents are responsible for the care and support of their children if they are physically, mentally, and financially able to be. In particular, the father is regarded as having this obligation, whether he is present in the house or not. It is a principle embedded in national and state laws governing domestic relations. And yet there has always been some gap between this principle and reality, and this gap has widened in recent decades as divorce rates have skyrocketed and the number of children born out of wedlock has risen each passing year.

Some anecdotal material indicates that some fathers with middle- or upper-level incomes fail to provide any or sufficient support, and so force their wives and children to apply for public assistance, but the data available from various sources on the incomes and occupations of the "absent" fathers of families on Aid to Families with Dependent Children (AFDC) do not indicate that this is at all widespread. The sense of obligation of the divorced or otherwise absent father to support his family holds, by and large, in the middle- and upper-income groups, or else the family obtains support from sources other than public assistance.

This article is an abbreviated version of a chapter in the author's forthcoming book The Politics of Welfare—The New York City Experience.

The sense of obligation of the relatively low-income father, however, has greatly weakened, as evidenced by the huge increase during the last two decades in the numbers of female-headed families on welfare, most of them receiving no financial support from the absent fathers. Indeed, the welfare system itself, in the sense that it provides an alternative, may, in significant measure, be responsible for the diminished sense of obligation felt by low-income fathers to support their children. One New York City Family Court judge, recounting a typical case in her court in which she inquired of the father how much financial support he was giving to his wife and children, received the reply, "She doesn't need help from me. She's on welfare." One must ask how such an attitude, so contrary to both the ideal and the norm, developed and became widespread. Are such attitudes and the resulting behavior acceptable to society as a whole? If not, can they be changed? By what means? This article is an effort to respond to these questions with special reference to the problem as it manifests itself in New York City.[1]

The legislative background

When the AFDC program was first established in the Social Security Act of 1935, little attention was paid to the issue of child support payments. The presumption was that most recipients would be wives and children of deceased or disabled fathers, and such was in fact the case during the early years of the Program. The change started in the 1950's and accelerated through the next two decades. By 1980, in the country as a whole, only about 4 percent of the fathers of AFDC recipients were deceased or disabled; in New York City less than 2 percent were. But while the characteristics of the welfare caseload changed, and although most state laws provided that support should be sought from the absent fathers, few serious steps were taken by state or local welfare administrations to accomplish this purpose. One reason was that the new facts about child support had not yet caught up with the outdated presumptions; another is that such efforts were not welcomed by the social welfare community or the judiciary.

Dissatisfaction with the results of modest Congressional efforts in 1950 and 1967 to increase collections for child support from absent fathers led Congress in 1974 to the passage of Title IV-D of the Social Security Act. In reporting the bill, the U.S. Senate Committee on Finance stated "The Committee believes that all children should have the right to receive support from their fathers. The Committee Bill is designed to help children attain this right, including the right to have their fathers identified so that support can be obtained."[2]

---

[1] The author was Administrator of the New York City Human Resources Administration from January 1, 1978 to April 30, 1979.

Title IV-D, which came into effect August 1, 1975, requires that as a condition of eligibility for AFDC every applicant or recipient assign support rights to the state and cooperate with the state in establishing paternity and securing child support.[3] Title IV-D also laid down a number of requirements for HEW, Internal Revenue Service, and the states with respect to the administration of the program, all designed to provide an aggressive, effective administration of the law. Finally, it provided for 75 percent federal reimbursement of the costs, instead of the usual 50 percent, and as a further incentive it permitted a locality, such as New York City, to keep 50 percent of total collections for a year and 40 percent thereafter in place of its usual 25 percent. In sum, after two decades of benign neglect of the child support issue, the Congress moved in a massive way to create a system to maximize efforts to obtain support from absent fathers of AFDC recipients.

As with any new large-scale program, establishing the administrative mechanisms is difficult and time-consuming, and this program was particularly complex. As problems arose, recrimination was rife among the feds, the states, and the localities, and between the localities and the Family Court, as each accused the others of not doing what they were supposed to do. In New York City, initiation of the Title IV-D program coincided with the beginning of the acute phase of the city's fiscal crisis. Massive layoffs occurred in the Human Resources Administration (HRA) as in other agencies, seniority rules required transfer of large numbers of staff into different jobs, and the unions complicated matters by prolonged negotiations over appropriate duties of staff in various positions.

Despite all the problems, common in other states as well, the program not only got underway, but by the end of 1976, the first full year of operation, collections exceeded expenditures in most states including New York (but not in New York City). Philip Toia, New York State Commissioner of Social Services at this time, wrote to the Governor and the Legislature as follows:

> Perhaps the most important conclusion that should be drawn from our experience to date is this: IV-D can work. It may seem surprising that

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[2] Staff of the Committee on Finance, U.S. Senate, U.S. Government Printing Office, March 19, 1975, p. 3.

[3] In this context "state" includes the political subdivisions of the state as well.

this is being presented as a conclusion two years after Congress mandated the program. Yet in many ways, the conclusion is an appropriate one. For probably no other major initiative in the field of public welfare has in recent years been as controversial as IV-D. No other program has been as widely attacked by professionals in the field as misconceived, misdirected, and doomed to failure.

The attitude of social welfare professionals

Nowhere was the attack against the program by the social welfare community more acute and more sustained than in New York City. The Community Council of Greater New York, a coordinating group for many of the social welfare organizations in the city, began to monitor the program in February 1976. An interim report issued at the end of the year was appropriately critical of many aspects of the administration of the program. But what is revealing of the attitudes of the organization is the absence of any affirmation of the notion that fathers have an obligation to support their children if they are able to do so.

The final report, entitled "Who Should Support the Children," issued in early 1978, does make a policy statement, but it is ambiguous at best, and at worst is basically hostile to an aggressive program to obtain child support from absent fathers. The Council questions the general societal disposition to place a high value on marriage and points to the increase in the number of female-headed families in the United States during the last two decades. It rejects the findings of any studies which point to a connection—real or collusive—between welfare and family breakup; questions whether the absent fathers have sufficient income to support their families; expresses doubt that it will be possible to establish paternity for the large number of out-of-wedlock children (though as the report itself indicates, establishing paternity proved to be relatively easy); and concludes that the child support program will work effectively only where a legal marriage exists, paternity has been established, the father's whereabouts are known, and his income is adequate to contribute toward the support of his dependents. This is a curious indictment—the purpose of the law was, among other things, to *promote* efforts to establish paternity for those children who needed to have it established (those born out of wedlock) and to locate the fathers, recognizing that this would indeed take some effort.

Apart from the Community Council, many social welfare leaders in the community, who were members of the Advisory Committee to the HRA Administrator at various times between 1975 and 1979, opposed the program and urged the various Administrators, including me, to oppose it. The adverse impact of the Advisory Committee's attitude on the operation of the program was clearly evident. By August 1976, a year after its initiation, the program in New York City was, in the view of the New York State Department of Social Services, in complete disarray. HEW officials were threatening sanctions against the state, sanctions which could have meant heavy financial penalties which the state and the city could ill afford.[4]

At an October meeting of top officials of the New York State Department of Social Services and HRA to discuss the problem, state officials were particularly disturbed by HRA Commissioner J. Henry Smith's comment that:

> I don't know if it will ever be a good program. I had a meeting with my Advisory Committee today—these are the high priests of welfare—and they don't believe the program is good or can be. Conditions in New York City . . . make it impossible. Motivations are all wrong; to assume it will do the job it's supposed to do is probably a mirage.

As one reviews these expressions of opposition by the social welfare community, including its "high priests," to the efforts to obtain child support from absent fathers, the following major justifications for their position emerge:

1. The children may be endangered, or the mothers may be harassed and their civil rights abridged.

2. The notion that the father should ordinarily be regarded as the primary source of support for the children is outdated and should be superceded by the view that government must guarantee an adequate income for people in whatever life style they choose to follow.

3. A set of "facts" are assumed: To wit, the fathers can't be found; if found they will not admit paternity; if they do, they do not earn enough to provide support, etc. In sum, it is not possible to administer the program effectively. Therefore, it is "obviously" not cost-beneficial since "experience shows" that it is not cost-beneficial.

4. The effort is nothing more than a reflection of racism, sexism, and hostility toward the poor.

Racism and sexism?

It is worth examining this rationale in some detail. Is it soundly based on analytical studies, or is it simply an ideological assertion based on unproven assumptions? My reply is presented seriatim.

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[4] These threats continued through most of 1977. In the end, however, they were avoided as HRA in 1978 was able to claim sufficient improvement over the situation found by audits in 1976 and 1977

1. Child abuse has not been unknown in the history of mankind, though it is fair to say that only in the last decade have we come to a better understanding of the size and depth of the problem. There is much that we do not know about the causes of child abuse, but what we do know from the records of cases brought to the courts is that it is generally committed by the parent(s) or relatives *in* the home, not by the parent *out* of the home.

The notion that the children may be endangered if the absent father is required to contribute to their support is not based on any study or analysis. Rather it is an assertion based on a view of low-income fathers, disproportionately black or hispanic, as unable to bear any responsibility without lashing out physically or emotionally at their children. Undoubtedly, there are such fathers—from all income levels and all races, and mothers, too—but surely, and fortunately, experience and available data indicate they constitute only a small fraction of the population.[5] And when there are indications that serious difficulties may arise, Congress has provided an exception to the requirement that the mother cooperate in locating the father if it would not be in the best interest of the child.

It is essential to the effective administration of the child-support program that the AFDC mother cooperate with the welfare administration by providing the information she has to assist in the location of the father. And it is the worker's duty to probe and to obtain the information and not to accept at face value such statements as, "I don't know where he lives"; "I don't know where any of his family or friends live"; "I don't know what work he does or where he works," etc. Very few out-of-wedlock children on welfare are born of casual relationships. The vast majority of unmarried women on AFDC have had a relationship with the father for at least a year before becoming pregnant, and more than half for two or more years. Among the married women, less than 10 percent had been married for less than two years.[6] They must know *something* about the father.

It is always possible that a social worker may, through prejudice, overzealousness, or even incompetence, incorrectly assume lack of cooperation when in fact the mother does not have the necessary information, and that an unreasonable denial of assistance will slip through the review process. But the denied applicant may apply for a fair hearing and in the meantime obtain food stamps and emergency assistance if need can be shown.

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[5] A report in the *New York Times* July 21, 1981, one in a special series on children, states that 711,742 cases of child abuse were reported in the country in 1980, involving 1.1 percent of those under 18 years of age. Even if actual cases are triple those reported, the figure would come to 3.3 percent; and, as indicated above, most child abuse is committed by parents in the home.

[6] B. Bernstein and W. Meezan, *The Impact of Welfare on Family Stability* (Center for New York City Affairs, June 1975), p, 30.

Is it harassment or an abridgment of civil rights to insist on the mother's cooperation in naming and locating the father in exchange for obtaining public assistance? In Sweden, which has as liberal and extensive a social welfare program as any country, the mother applying for assistance is required to name the father and provide other relevant information so that he can be contacted and required to contribute to her support. If she does not cooperate she is denied assistance. It is as simple and routine as that and no one charges harassment or denial of civil rights. The social welfare community in New York appears to insist that the client is always right and never says anything but the truth. In the world we live in, this should not be regarded as a liberal view but as simple naivete.

2. It has become fashionable in social welfare circles to accept any grouping of individuals who choose to consider themselves a "family" as such, and in particular to regard the female-headed family as "normal" because of the enormous increase in the numbers of such families since the early 1960's. Since it is "normal," and therefore acceptable, financial support and other necessary services should be provided by the government. But we do not regard crime, drug abuse, or terrorism as normal or acceptable because each has vastly increased in recent years, nor do we accept with equanimity rising absenteeism from schools and factories with its accompanying increase in school dropouts or declining productivity. To suggest that because the number of female-headed families has increased, government should be regarded as bearing the primary or even sole responsibility for support, is circular and absurd reasoning. Of course, government must step in if there is no other source of support. But if the father is financially able to contribute, the mores of the general society require that he do so, and to insure that he, in fact, does so, an effective enforcement system must be established.

3. Most of the social welfare community's "facts" with respect to the possibilities of finding fathers, establishing paternity, and obtaining support, have proved ephemeral and the assertion that the program cannot become cost beneficial has proved unfounded. In the country as a whole, as well as in many of the industrialized urban states (including most of New York State), the program has been

highly cost-beneficial. New York City has always been the exception.

4. Where does this leave us with respect to the final and most emotional charge that the child support program is racist, sexist, and anti-poor? It is true that in the country as a whole, blacks and hispanics are disproportionately represented among AFDC clients, and that in many of the major cities blacks and hispanics constitute a substantial majority of the caseload. Perforce, they are the major target of the child-support enforcement program. But translating this fact into "racism" must rest on the notion that one should not impose the same standards of family responsibility on black or hispanic men that one would impose on white men in a comparable financial position. But why should we have lower expectations for blacks and hispanics than for whites? Are they inferior? Are they naturally irresponsible? Don't they care at all about their children? Is it a characteristic of their race?

If the responses to these questions are negative, as mine are, the charge of racism is nonsensical, as is the notion that efforts to obtain child support are sexist or anti-poor. Rather, the set of views expressed by the social welfare leaders becomes an elaborate justification, perhaps more aptly called a smokescreen, to permit an indiscriminate use of public assistance funds to redistribute income, not in accord with legislative intent, but in accord with the view of social justice held by many in the social welfare community.

Attitudes of the Family Court

The Family Court has an essential role in the implementation of the child support program. Only the court can make the legal determination of paternity (the basis for requiring support payments), only the court can issue an enforceable support order, and only the court can enforce it. Even support agreements entered into voluntarily cannot be enforced unless they have been submitted to the court and a confirmatory order issued. A major obstacle to the effective administration of the child support program lies in the attitudes of the judges in the Family Court, particularly in New York City, toward the basic legislative policy embodied in Title IV-D.

It must be recognized that the Title IV-D program, designed as it was to promote a vastly increased and aggressive effort to locate absent fathers and obtain support, placed a heavy additional burden on the Family Court already overburdened with a growing volume of juvenile delinquency and child abuse cases, issues of much public concern requiring prompt court attention. Further, the city's fiscal crisis precluded any increase in Family Court staff; indeed, it imposed a decrease.

A host of administrative problems arose in the processing of child support cases through the family courts, and a large volume of recriminatory correspondence was exchanged between state and city officials, on the one hand, and Judge Joseph B. Williams, Administrative Judge of the Family Court in New York City, on the other. But while the Family Court had legitimate problems in terms of limited staff and additional work loads, one must look to the judges' attitudes toward the program to understand why it has been so much less effective in New York City than in a city such as Detroit, which has a caseload similar to New York's.

What was at issue was whether the Family Court and the judges were going to abide by the spirit as well as the letter of the legislation and the administrative regulations, or whether they were going to exploit judicial discretion without limit. That the latter was probable became evident to me in the summer of 1978 when, in my capacity as HRA Administrator, I visited the Brooklyn Family Court and had a long talk with Judge Philip D. Roache and sat in his court to listen to three cases involving child support. Shortly thereafter, I wrote Mayor Koch describing what I heard and saw, and I will quote extensively from the memorandum.

I wrote the Mayor:

> Judge Roache indicated a lack of sympathy with the IV-D program and I shall try to give the flavor of a series of complaints he made as follows:[7]
>
> 1. "What is the point of bringing in all these 18 or 19 year olds who have not seen their fathers for 15 years to try to establish paternity? It's an utter waste of time." I then responded with the fact that there are very, very few such cases. The great bulk of cases dealt with are young children.
>
> 2. "What was the use of bringing the fathers into court since they are all on public assistance?" I said, on the basis of available figures, this clearly was not true. Most of the fathers were not on public assistance. Further, even when they were, we might want to establish paternity in case they later become self-supporting. But we did *not* try to obtain support while they were on public assistance.
>
> 3. "What is the use of bringing these men in for support since none of them are earning very much?" I said some were not earning much and others were earning enough to provide some support according to the state standard which allowed the "absent father" to retain enough income to maintain the Bureau of Labor Statistics lower level standard

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[7] Judge Roache's comments are in quotes; mine are not, though both are quoted from the memorandum.

Court, reappointed Judge Roache when his term expired in 1980. Such was the political reality. I must add that what I have said with respect to the appointment of black and hispanic judges applies in substantial measure to white judges as well; many of them carry the same ideological baggage. But there is more diversity of views among the white political leadership and among white judges.

Neither my memorandum nor the Mayor's letter to Judge Ross had much effect. The attitude and actions of many of the Family Court judges continued to be hostile toward the program, as reflected in their responses to the two major matters which control the outcome of the effort to achieve child support from absent fathers: the level of support payments, and the methods used to enforce the support obligation ordered by the Court. It was through its resistance to the administrative tools provided in state legislation or Department of Social Service Administrative Directives that the court impeded the implementation of the policy enacted in the child support program.

In an effort to deal with the wide variation in and generally low level of support payments ordered by Family Court judges, New York State Department of Social Services in 1976 issued a revised standard for such payments. It was reasonably generous to the absent father in that it allowed him to retain at least sufficient income to maintain the Bureau of Labor Statistics (BLS) lower standard of living ($14,393 for a family of four in autumn 1980 prices) and took only a graduated portion of the excess income above the BLS level. It was anticipated that, although not mandatory, it would be widely accepted and utilized by Family Court judges. It was not; court-ordered support payments averaged only 54.3 percent of the state standard in October 1977.[8] A revision of the formula in 1978 to give the judges greater flexibility also had no success in raising the level of court-ordered support payments; the judges set the payment at the lower end of the formula range. Judicial discretion reigns supreme, and as it is exercised in many areas of the country, but particularly in New York City, it reflects a reluctance to impose any significant burden on the absent father to support his children and little interest in reducing the burden on the public treasury represented by the AFDC program.

An enormous administrative effort goes into locating the father, preparing for hearings before a hearing officer and the judge, and finally obtaining the court-ordered support payment, low as it may be. The effort is all for naught, however, if the order is not enforced. It was a major problem; in the third quarter of 1977, payments were not obtained on almost two-thirds of the court orders issued in the city. The most effective tool for insuring payments is an automatic payroll deduction order whereby the sum deducted is paid directly to the Bureau of Child Support. Without it, enormous staff time is consumed in going back to court when payments have not been made. Further, arrearages build up and repayment becomes more difficult, if not impossible. The system has been used with considerable success in Michigan and Massachusetts, but Family Court judges in New York were extremely reluctant to issue such orders.

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[8] Data prepared by Bureau of Child Support, N.Y.C. Human Resources Administration.

The Legislature responded to this problem by requiring that support orders issued after January 1, 1979 provide for an automatic payroll deduction order in the event of failure of the respondent to keep up with his payments, and in 1979 the state made it illegal for an employer to dismiss an employee because of the imposition of such an order.

It was only a month after the law became effective that I found it necessary to inform the Mayor that "after four weeks of observation, I am distressed to advise you that most of the Family Court judges have decided not to issue this order stating on the record that the law is unconstitutional." HRA again had to return to the Court to request a payroll deduction order in the event of non-payment. Only after HRA instituted appeals and won in the Appellate Divisions in both Manhattan and Brooklyn would Family Court judges in all boroughs permit an automatic payroll deduction order. Thus, full implementation did not begin until August 1980, some 20 months after the law was supposed to become effective.

What happened to support collections

One may ask whether it made much difference what the leaders of the social welfare community in New York thought and said and what the Family Court judges generally thought and did. Has the record of collections of support payments in the city over the five year period since Title IV-D came into effect in August 1975 been any worse than in the rest of the country? The answer is yes, it did make a difference, and yes, the city's record is worse—*much* worse.

In the country as a whole, collections on behalf of AFDC families more than doubled between 1976 and 1978, increasing from $203.6 million to $471.6 million. A further increase of 16.1 percent occurred between 1978 and 1979 and an additional 10 percent rise was

TABLE I. *Percent of Total Title IV-D Cases with Child Support Collections, Fiscal Year 1980*[1]

All States Reporting	10.8%
Massachusetts	42.6
Connecticut	32.0
Michigan	22.8
Pennsylvania	15.6
New Jersey	12.4
California	9.5
Ohio	8.8
Illinois	7.8
New York	7.8

[1] Source: U.S. Dept. of Health and Human Services, Office of Child Support Enforcement, *Child Support Enforcement Statistics*, May 1981, Table 14.

achieved in 1980 when total collections reached $602.3 million. During the same five-year period, collections on behalf of non-AFDC families almost tripled, rising from $308.1 million to $871 million. Collections on behalf of AFDC and non-AFDC families exceeded expenditures by more than three-to-one. In New York City, collections during the same five year period have only increased about 4 to 5 percent per year and still do not exceed total expenditures, although, because of the formula for the distribution of collections among the three levels of government, the New York City treasury still benefits.

It can be unfair to compare New York State and certainly New York City with the country as a whole; the more appropriate comparison is with the other highly urbanized, industrial states. In this case, New York fares even worse, as Table I indicates. It seems New York State collects from only about one-sixth as many cases proportionately as does Massachusetts, a quarter as many as Connecticut, and a third as many as Michigan. The New York City ratio is at the appallingly low level of 3.7 percent.

TABLE II. *Child Support Collections as Percentage of AFDC Payments, Fiscal Year 1980*[1]

All States Reporting	5.2%
Michigan	8.0
Connecticut	7.0
Massachusetts	6.3
New Jersey	6.1
Ohio	4.8
California	4.6
Pennsylvania	4.6
New York	3.4
Illinois	1.6

[1] Source: U.S. Dept. of Health and Human Services, Office of Child Support Enforcement. *Child Support Report*, Vol. III, No. 4, April, 1981, p. 7.

In terms of collections as a proportion of AFDC payments, New York State is the second lowest and New York City is lower still, with less than 2 percent. Michigan has the best record in terms of the proportion of AFDC expenditures recouped through support payments, even though it has one of the higher welfare standards in the country and was, in 1980, in a deep recession with an unemployment rate of about 16 percent. (See Table II.)

Massachusetts and Michigan also lead in terms of ratio of dollars of AFDC child support collections to each dollar of AFDC expenditures for the Title IV-D program, with figures of $3.80 and $3.54 respectively. New York State is at the bottom of the list, collecting only 98 cents for each dollar of expenditures,[9] and this because of New York City which has obtained only 54 cents per dollar of expenditures.[10]

On any index one may choose to compare New York City with other urban areas, the city's record is dismal. Its only competitor for low man on the totem pole is Illinois, influenced mainly by Chicago. Are there lessons to be learned from other states? Are we bereft of means to improve the effectiveness of the program in the city to bring it in line with the achievements in Detroit or Boston, or at least Philadelphia?

For the children's sake

Michigan is frequently cited for its superior achievement in the child support program. Among the factors which explain its success, one which has relevance to New York, is that the program has the support of the unions—more particularly of *the* union in Michigan, the automobile workers. Major auto manufacturers and the unions cooperate with the program to ensure enforcement, with wide use being made of the payroll deduction order.

The Michigan experience suggests that a strong effort should be made in New York by the Governor's and Mayor's offices, as well as by state and local social services officials, to enlist the aid of the unions in promoting the child support program among their members. New York is not like Detroit where one union predominates, but five or six, especially if they included District Council 37 (the municipal workers union), would cover a substantial segment of the city's union membership. The unions could influence their own members who

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[9] Dept. of Health and Human Services, Office of Child Support Enforcement, *Child Support Report*, June 1981, p. 7.

[10] N.Y.C. figure obtained from tables made available by HRA, Bureau of Child Support.

Statement of Senator George J. Mitchell
Subcommittee on Social Security and Family Policy
Child Support Enforcement
February 20, 1987

Mr. Chairman, I commend you for holding this hearing on an issue of great importance to hundreds of thousands of the nation's children.

In our country, parents bear the primary responsibility for meeting the needs of their own children. Rich or poor, most parents make every effort to give their children food, clothing, shelter, and health care, as well as self-esteem, motivation, and hope.

Unfortunately, not all parents are responsible to their children. Too often, in cases of divorce, the non-custodial parent does not fulfill his or her share of the financial support of his children. The parent's failure to support his children puts an unfair burden on the custodial parent, and often robs the child of the means necessary to provide the most basic necessities of life.

This Committee is well aware of the long term ramifications of inadequate support for children in terms of nutrition and health care. Studies show a direct correlation between childhood poverty and poor health, failure in school and a greater liklihood to become pregnant as a teenager or to drop out of high school.

As this committee examines the Welfare system and tries to determine what reforms are needed, it is vital that we look to the child support enforcement program as one way to increase financial support to children. Financial support is the responsibility of all parents, and should only be the duty of the state or federal government when there is no parent able to contribute to his child's welfare.

I look forward to the testimony of our esteemed witnesses here today, and am very pleased that Governor Mike Dukakis of Massachusetts is able to be with us to share the experiences of the child support program in his state.

OPENING STATEMENT OF
SENATOR DAVE DURENBERGER
February 20, 1987

Mr. Chairman, I am extremely pleased, as a longtime supporter of child support enforcement efforts that we are examining this important issue once again and particularly as it relates to welfare reform. You will recall that in 1984 the Senate unanimously passed the Child Support Enforcement Amendments. We passed that bill because we strongly believed that absent parents have a responsibility to their children regardless of their financial situation. We passed the bill because failure to pay child support in this country had reached epidemic proportions: between a quarter and a third of fathers never made a single court-ordered payment. We passed the bill because it is a child's right to be supported by his or her parents.

Enactment of the Child Support Enforcement Amendments of 1984 cemented our commitment to assisting state and local governments lessen the economic burden of single-parent families. Since 1984, child support collections have continued to grow but the success of the program has varied among states. We must continue our efforts in this area, Mr. Chairman, where you have long been a leader.

The relationship of child support to income security is obvious. Strengthening that link, however, especially for poor families is more difficult. In 1984, 36% of AFDC recipients were divorced or separated. An even larger number of AFDC recipients, 46%, had no marital tie with the absent parent. It is this latter population -- single mothers, particularly teenagers -- that are most vulnerable in our society, most likely to become poor and remain poor. We must increase our child support enforcement efforts to these families. We must become more agressive in establishing paternity and then we must ensure, to the extent possible, that the awards are forthcoming so that the economic stability of these families will be strengthened. We must also make certain that health insurance protection is built into our efforts on behalf of children. Such an effort is one step of many steps needed to address the problem of the millions of uninsured children in this country.

Of course, in many cases, child support enforcement will not lift these families out of poverty. Too many times, the absent parent is unemployed or in a low paying job struggling for his own financial stability. Thus, an improved child support collection system can only be part of our larger efforts to ensure income security for poor families and to provide these families with the opportunity to achieve economic independence through education, job training and employment.

STAFF DATA AND MATERIALS

ON

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

(prepared by the staff of the Committee on Finance)

February 18, 1987

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

Table of Contents

Page

A. Description of Program 1

- Historical Development 1
- The Child Support Amendments of 1984 2
- Federal Office of Child Support Enforcement 4
- State Responsibilities 4
- Role of Federal Courts 5
- Use of the IRS 6
- Federal Parent Locator Service 6
- Withholding from Unemployment Compensation 6
- Garnishment of Federal Payments 7
- Allotments for Support Owed by Members of the Uniformed Services 8
- Federal Matching 8
- Distribution of Collections 8
- Federal Incentive Payments 8

B. Implementation of the 1984 Amendments 10

C. Census Data Relating to Child Support Collections 13

D. Family Status of Children 14

E. Enforcement of Interstate Support Obligations 16

F. Use of Guidelines in Setting Support Awards 19

G. Program Development 20

Tables and Graphs

Page

Table 1 - AFDC Disregard Payments 9
Table 2 - Status of Children: 1960-1985 15
Table 3 - AFDC/Foster Care Collections Made on Behalf of Other States 17
Table 4 - Non-AFDC Collections Made on Behalf of Other States 18
Table 5 - United States - Program Activity 22
Table 6 - Arkansas - Program Activity 23
Table 7 - Colorado - Program Activity 24
Table 8 - Delaware - Program Activity 25
Table 9 - Hawaii - Program Activity 26
Table 10 - Kansas - Program Activity 27
Table 11 - Maine - Program Activity 28
Table 12 - Michigan - Program Activity 29
Table 13 - Minnesota - Program Activity 30
Table 14 - Missouri - Program Activity 31
Table 15 - Montana - Program Activity 32
Table 16 - New Jersey - Program Activity 33
Table 17 - New York - Program Activity 34
Table 18 - Oklahoma - Program Activity 35
Table 19 - Oregon - Program Activity 36
Table 20 - Pennsylvania - Program Activity 37
Table 21 - Rhode Island - Program Activity 38
Table 22 - South Dakota - Program Activity 39
Table 23 - Texas - Program Activity 40
Table 24 - West Virginia - Program Activity 41
Table 25 - Wyoming - Program Activity 42
Table 26 - AFDC Caseload and Assistance Payments Preliminary Data for FY 1986 43

Graph 1 - AFDC and Non-AFDC Collections in Constant 1986 Dollars 21

Appendix

Appendix A - Selected Child Support Guidelines 44

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

A. Description of Program

Historical Development

When the Committee on Finance reported amendments in 1974 to provide for the establishment of the child support enforcement program, it observed:

"The enforcement of child support obligations is not an area of jurisprudence about which this country can be proud."

Citing studies that had been done on the subject of nonsupport of children, the Committee commented:

"Thousands of unserved child support warrants pile up in many jurisdictions and often traffic cases have a higher priority. The blame for this situation is shared by judges, prosecutors and welfare officials alike, and is reinforced by certain myths which have grown up about deserting fathers."

The Committee's proposal to create a new child support enforcement program reflected a desire to improve in a very significant way the collection of support on behalf of children with absent parents. In presenting its rationale for the new program, the Committee stated:

"The Committee believes that all children have the right to receive support from their fathers. The Committee bill . . . is designed to help children attain this right, including the right to have their fathers identified so that support can be obtained. The immediate result will be a lower welfare cost to the taxpayer but, more importantly, as an effective support collection system is established fathers will be deterred from deserting their families to welfare and children will be spared the effects of family breakup."

In the years prior to enactment of the new child support program, the Committee had made continuing efforts to strengthen the law on behalf of children deprived of their parents' support because of desertion and illegitimacy.

As early as 1950 the Committee provided for prompt notice to law enforcement officials of the furnishing of Aid to Families with Dependent Children Program benefits with respect to a child who had been deserted or abandoned.

In 1967, the Committee instituted what it believed would be an effective program of enforcement of child support and determination of paternity. The 1967 Amendments to the Social Security Act required the State welfare agencies to establish a single, identifiable unit with the responsibility of undertaking to establish the paternity of each child receiving welfare who was born out of wedlock and to secure support for him. If the child had been deserted by the parent, the welfare agency was required to secure support from the deserting parent, using any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. The amendments also required the State welfare agencies to enter into cooperative arrangements with the courts and with law enforcement officials to carry out the program. In order to assist in locating absent parents, the law gave access to records (if there was a court order) of both the Social Security Administration and of the Internal Revenue Service.

Although it was hoped that the States would use the 1967 mandate to improve their programs in behalf of deserted children, there was in fact very little increased activity on the part of most States in the succeeding years. By 1972 the Committee had concluded that the law needed to be strengthened, and efforts began to enact new legislation to require the States to improve their programs for establishing and collecting support. These efforts culminated in the enactment in 1975 of the present child support enforcement program as title IV-D of the Social Security Act (P.L. 93-647).

The 1975 legislation had the desired effect of prompting the States to begin to develop child support enforcement programs on a significant scale. The program gradually gained momentum. More than $2 billion in child support was collected in fiscal year 1983, nearly four times the amount collected in 1976. The number of parents who were located using program location resources also increased fourfold, to 800,000 in 1983. Paternity was established on behalf of 209,000 children in 1983, compared to only 15,000 in 1976.

The Child Support Amendments of 1984

As the effectiveness of the program grew, interest in enhancing that effectiveness also grew. In 1984, the Congress enacted the Child Support Amendments of 1984 (P.L. 98-378).

The 1984 Amendments reflected a specific effort to refocus the child support enforcement program to serve a broader clientele. Although the 1975 legislation required States to provide services to all those who applied for them, regardless of whether they were receiving AFDC, a number of States had served relatively few non-welfare mothers. The new legislation spoke in terms of serving all children in the United States who are in need of assistance in securing financial support from their parents, regardless of their circumstances. This intent was reinforced by a change in funding rules to give States financial incentives to make collections on behalf of both non-welfare and welfare families, instead of incentives based solely on collections on behalf of welfare families, as had been the case under prior law.

The 1984 Amendments also gave the States specific new enforcement tools. Under prior law, States were free to use the enforcement tools they wished. Some States had used tough procedures, others had not. This discretion was removed. The new law required all States to have in effect laws that establish the following procedures with respect to cases being enforced under the Federally-aided child support program:

1. Mandatory wage withholding for all families receiving services under the title IV-D program (including both AFDC and non-AFDC families) if support payments are delinquent in an amount equal to one month's support. States must also allow absent parents to request withholding at an earlier date;

2. Imposing liens against real and personal property for amounts of overdue support;

3. Withholding of State tax refunds payable to a parent of a child receiving IV-D services, if the parent is delinquent in support payments;

4. Making available information regarding the amount of overdue support owed by an absent parent to any consumer credit bureau, upon request of such organization;

5. Requiring individuals who have demonstrated a pattern of delinquent payments to post a bond, or give some other guarantee to secure payment of overdue support;

6. Establishing expedited processes within the State judicial system or under administrative processes for obtaining and enforcing child support orders and, at the option of the State, for determining paternity;

7. Notifying each AFDC recipient at least once each year of the amount of child support collected on behalf of that recipient; and

8. Permitting the establishment of paternity until a child's 18th birthday.

In addition to requiring the States to adopt new enforcement tools, the law also required the Internal Revenue Service to withhold Federal tax refunds that are due an individual who is delinquent in making child support payments, under specified circumstances. Under prior law such withholding occurred only with respect to parents of children who are receiving welfare. The new law extended the withholding procedure to the parents of non-welfare children beginning with refunds payable in 1986.

Other major provisions included a reduction in the Federal matching rate from 70 percent to 68 percent in fiscal years 1988 and 1989, and to 66 percent in fiscal year 1990 and each year thereafter; a requirement that each State establish non-binding guidelines for child support awards within the State; and a revision of the audit and penalty provision requiring he Federal Office of Child Support Enforcement to conduct audits of State program performance at least every three years (instead of every year as under prior law), and to impose a gradually increasing penalty on States that fail to operate a program that is in substantial compliance with Federal laws and regulations.

Federal Office of Child Support Enforcement

One of the major concerns of the Committee when it designed the child support enforcement program was to assure that the program would have sufficient visibility and stature to be able to operate effectively. The Committee bill thus required the Department of Health, Education and Welfare (now Health and Human Services) to set up a separate organizational unit under the control of an Assistant Secretary for child support who would report directly to the Secretary. This provision was subsequently modified by conferees to omit the requirement that the unit be headed by an Assistant Secretary. However, the basic requirement of establishing a separate unit under the control of a person designated by and reporting directly to the Secretary was retained.

Under a March, 1977 reorganization of the Department, the Commissioner of Social Security was designated as the Director of the Office of Child Support Enforcement (OCSE). In 1986 the Department was again reorganized and the Director of the new Family Support Administration was designated to serve as Director of the OCSE. The Family Support Administration also is responsible for administering the Aid to Families with Dependent Children program.

The responsibilities of the Director of the OCSE include: establishing State standards to assure program effectiveness, reviewing and approving State plans, administering the audit and penalty provisions of the law, providing States with technical assistance, and setting organizational and staffing requirements for State agencies.

State Responsibilities

The basic responsibility for child support enforcement and establishment of paternity rests with the States. The law requires each State to designate a single and separate organizational unit of State government to administer the program. The 1967 child support legislation had required that the program be administered by the welfare agency. The 1975 Act deleted this requirement in order to give each State the opportunity to select the most effective administrative mechanism. In practice, most States have placed the child support agency within the social or human services umbrella agency that also administers the AFDC program. The programs may be administered either on the State or local level. Most programs are State administered.

States are required to operate their programs in accordance with State plans. These plans must provide for the use of enforcement tools, such as wage withholding, that were added as requirements by the 1984 amendments. In addition, the plans must provide that the State will undertake to secure support for an AFDC child whose rights to support have been assigned to the State. (Assignment of rights to support is a condition of eligibility for AFDC benefits.) It must also provide for the establishment of paternity for AFDC children.

With respect to non-AFDC families, the State must make available, upon application, the collection and paternity determination services that are provided to AFDC families. The State must charge an appliction fee for these services (set at a maximum of $25, but the maximum is subject to future adjustment by the Secretary to reflect changes in administrative costs). This fee may be paid by the parent applying for the services, be recovered from the absent parent, or paid for by the State from its own funds. The State may recover costs in excess of the fee either from the absent parent, or from the individual who receives the services. If the State chooses the latter option, it must have in effect a procedure whereby all persons in the State who have authority to order support are informed that the costs will be collected from the individual to whom the services are made available.

State plans must also provide for: entering into cooperative arrangements with appropriate courts and law enforcement officials to assist the child support agency in administering the program; establishing and using a State Parent Locator Service to locate absent parents; and cooperating with other States in establishing paternity, locating absent parents, and in securing compliance with an order by another State.

Role of Federal Courts

Under the child support enforcement program, States may have access to the Federal courts to enforce court orders for support. It is the responsibility of the director of the OCSE to receive applications from States for permission to use these courts. He must approve applications for use of the Federal district court if he finds that a State has not undertaken to enforce the court order of the originating State within a reasonable time, and that use of the Federal court is the only reasonable method of enforcing the court order.

In practice, the States have made virtually no use of this interstate enforcement tool, primarily on the basis that it is costly and cumbersome.

Use of the IRS

States may call upon the Internal Revenue Service for assistance in collecting past-due support. Amendments enacted in 1981 (P.L. 97-35) authorized the withholding from Federal tax refunds of past-due support owed on behalf of an AFDC child. This authority was extended to include past-due support owed on behalf of a non-AFDC child by the 1984 amendments. Amounts of past-due support that have been collected through this offset mechanism have grown from $168 million in 1982 to $308 million in 1986.

The statute also authorizes the States to request that the IRS use its regular enforcement tools to collect delinquent child support payments. States must reimburse the Federal Government for any costs involved in making the collections. To date, very little use has been made of this mechanism ($489,900 was collected in 1986).

Federal Parent Locator Service

The statute requires the Secretary of HHS to establish and operate a Federal Parent Locator Service to be used to find absent parents in order to enforce child support obligations. Upon request, the Secretary must provide to an authorized person the most recent address and place of employment of any absent parent if the information is contained in the records of the Department of Health and Human Services, or can be obtained from any other department or agency of the United States or of any State.

The Federal Parent Locator Service processed more than 500,000 requests for location assistance in 1985.

Withholding from Unemployment Compensation

The law requires the State child support agencies to use information available from State unemployment offices to determine whether any individual receiving compensation owes child support obligations that are being enforced by the child support agency. If so, the child support agency must either reach an agreement with the individual for withholding from his unemployment compensation check or, in the absence of such an agreement, bring legal process to require withholding. In 1985, about $25.8 million was collected in this manner, up from $13.3 million in 1983.

Garnishment of Federal Payments

Title IV-D of the Social Security Act also includes a provision allowing garnishment of wages and other payments made by the Federal Government for enforcement of child support and alimony obligations. The statute provides that moneys (the entitlement to which is based upon remuneration for employment) payable by the United States to any individual are subject to legal process brought for the enforcement against such individual of his legal obligation to provide child support or make alimony payments. The law sets forth in detail the procedures which must be followed for service of legal process, and specifies that the term "based upon remuneration for employment" includes wages, periodic benefits for the payment of pensions, retirement or retired pay (including Social Security and other retirement benefits), and other kinds of Federal payments.

Allotments for Support Owed by Members of the Uniformed Services

Title IV-D requires that in any case in which a member of the uniformed services on active duty fails to make periodic child support payments under a child support order (which must meet specified criteria), and the delinquency is in an amount equal to the support payable for two months or longer, the member must make allotments from his pay and allowances. The amount of the allotment is the amount necessary to comply with the order, subject to limitations established by the Consumer Credit Protection Act.

Federal Matching

The Federal Government currently pays 70 percent of State and local administrative costs for services to both AFDC and non-AFDC families on an open-ended entitlement basis. The matching rate was reduced from 75 percent to 70 percent by a provision in the Tax Equity and Fiscal Responsibility Act of 1982 (P.L. 97-247). Under the Child Support Amendments of 1984 (P.L. 98-378), the matching will be further reduced to 68 percent for fiscal years 1988 and 1989, and to 66 percent for fiscal year 1990 and years thereafter.

In addition, 90 percent Federal matching is available on an open-ended entitlement basis to States that elect to establish an automatic data processing and information retrieval system. The Secretary must approve the system as meeting specified criteria before matching may be paid to the State. The matching rate was increased from 75 percent to 90 percent by Public Law 96-265.

Distribution of Collections

The first $50 in monthly support payments collected on behalf of an AFDC family is passed on to the family without affecting the amount of its AFDC payment. (This $50 "pass-through" provision was added by P.L. 98-369.) (See Table 1 for amounts that are paid to families under this provision in each State.) Additional collections made on behalf of AFDC families are used to offset the cost to the Federal and State governments of welfare payments made to the family. The amounts retained by the government are distributed between the Federal and State governments according to the proportional matching share which each has under a State's AFDC program.

Child support collections made on behalf of non-AFDC families are generally passed through in full to the families, although if the family has previously received AFDC, amounts collected that represent arrearages and are in excess of specified monthly support payments may (and in some cases must) be retained by the agency and distributed between the Federal and State governments in the same way that collections on behalf of AFDC recipients are distributed.

Federal Incentive Payments

As an incentive to encourage State and local governments to participate in the child support program and to operate their programs on a cost effective basis, the law provides a schedule of Federal incentive payments. Each State is eligible to receive a basic payment equal to a minimum of 6 percent of collections made on behalf of AFDC families, and 6 percent of collections made on behalf of non-AFDC families. The amount of each State's incentive payment can reach a high of 10 percent of AFDC collections, plus 10 percent of non-AFDC collections, depending on the cost-effectiveness of the State's program. There is a limit on the incentive payments for non-AFDC collections. The incentive payments for these collections currently may not exceed 100 percent of incentive payments for AFDC collections. This percentage increases to 105 percent in fiscal year 1988, 110 percent in 1989 and 115 percent in 1990 and years thereafter.

Table 1

FISCAL YEAR: 1986

AFDC DISREGARD PAYMENTS

DATE: 02/09/87

STATE	1982	1983	1984	1985	1986
ALABAMA	0	0	0	1,607,534	4,159,874
ALASKA	0	0	0	10,481	290,828
ARIZONA	0	0	0	178,227	539,721
ARKANSAS	0	0	0	498,696	2,149,422
CALIFORNIA	0	0	0	6,000,000	26,646,023
COLORADO	0	0	0	747,100	1,589,786
CONNECTICUT	0	0	0	820,318	3,385,859
DELAWARE	0	0	0	179,328	788,876
DISTRICT OF COLUMBIA	0	0	0	125,025	558,013
FLORIDA	0	0	0	3,465,231	7,043,554
GEORGIA	0	0	0	1,424,127	3,390,941
GUAM	0	0	0	49,077	67,968
HAWAII	0	0	0	252,018	1,033,651
IDAHO	0	0	0	6,114	598,533
ILLINOIS	0	0	0	4,651,009	6,109,790
INDIANA	0	0	0	3,392,920	5,528,974
IOWA	0	0	0	1,031,219	4,487,517
KANSAS	0	0	0	318,735	1,502,530
KENTUCKY	0	0	0	1,406,258	3,029,008
LOUISIANA	0	0	0	72,655	4,447,800
MAINE	0	0	0	1,543,096	2,191,697
MARYLAND	0	0	0	2,911,254	6,934,473
MASSACHUSETTS	0	0	0	2,159,635	9,908,670
MICHIGAN	0	0	0	9,842,753	21,042,108
MINNESOTA	0	0	0	3,977,720	5,836,068
MISSISSIPPI	0	0	0	166,329	1,710,280
MISSOURI	0	0	0	2,652,363	3,120,432
MONTANA	0	0	0	88,382	476,313
NEBRASKA	0	0	0	278,617	1,186,224
NEVADA	0	0	0	135,710	356,772
NEW HAMPSHIRE	0	0	0	114,336	455,025
NEW JERSEY	0	0	0	2,607,207	10,730,824
NEW MEXICO	0	0	0	164,100	689,303
NEW YORK	0	0	0	12,635,241	23,615,493
NORTH CAROLINA	0	0	0	3,649,126	8,470,100
NORTH DAKOTA	0	0	0	432,528	600,081
OHIO	0	0	0	0	14,180,586
OKLAHOMA	0	0	0	785,646	1,177,627
OREGON	0	0	0	2,174,462	2,305,597
PENNSYLVANIA	0	0	0	0	16,086,690
PUERTO RICO	0	0	0	623,235	899,147
RHODE ISLAND	0	0	0	1,125,811	1,210,817
SOUTH CAROLINA	0	0	0	1,579,647	3,474,364
SOUTH DAKOTA	0	0	0	228,011	442,851
TENNESSEE	0	0	0	2,157,948	3,618,099
TEXAS	0	0	0	1,386,764	3,130,938
UTAH	0	0	0	739,372	1,406,728
VERMONT	0	0	0	193,406	812,161
VIRGIN ISLANDS	0	0	0	22,276	91,935
VIRGINIA	0	0	0	1,260,436	2,037,102
WASHINGTON	0	0	0	3,301,102	4,677,849
WEST VIRGINIA	0	0	0	842,273	1,158,736
WISCONSIN	0	0	0	7,616,205	9,913,927
WYOMING	0	0	0	141,317	312,744
NATIONWIDE TOTALS	0	0	0	93,772,380	241,610,429

SOURCE: OCSE-34, LINE 10 A

B. Implementation of the 1984 Amendments

The Child Support Enforcement Amendments of 1984 (P.L. 98-378) required the States to implement a number of new enforcement tools designed to improve collections on behalf of both AFDC and non-AFDC families. These enforcement tools had an effective date of October 1, 1985. However, if there was a finding by the Secretary of HHS that implementation required a change in State law, the State was given leeway in implementation to accommodate the scheduling of the next session of the State legislature.

Although nearly all jurisdictions now have in place legislation that enables them to use the mandatory techniques, only 27 jurisdictions have fully met Federal requirements for implementing the eight major mandatory enforcement techniques. The fact that a State is considered to have met Federal implementation requirements does not necessarily mean that the enforcement technique is being widely used. Many States that are counted as having implemented a procedure are only beginning to use it. Keeping this in mind, the major enforcement tools and the status of implementation by the States is reported by HHS to be as follows (as of January 28, 1987):

1. Mandatory wage withholding for all IV-D families (AFDC and non-AFDC) if support payments are delinquent in an amount equal to one month's support. States must also allow absent parents to request withholding at an earlier date.

   Wage withholding is generally considered to be the most important and effective of the newly mandated procedures. To date, 30 States have fully met Federal implementation requirements. (All States have some kind of legislation authorizing wage withholding.) The States that have met the Federal requirements and the date on which the requirements were met are as follows:

Alabama -	October 28, 1986	Mississippi -	October 9, 1986
Alaska -	May 2, 1986	Nebraska -	August 22, 1986
Arizona -	October 28, 1986	New Hampshire -	September 12, 1986
Arkansas -	May 1, 1986	New Jersey -	September 29, 1986
Florida -	December 4, 1986	New York -	June 30, 1986
Georgia -	June 17, 1986	North Carolina -	October 9, 1986
Hawaii -	December 22, 1986	Oklahoma -	October 1, 1986
Idaho -	June 30, 1986	Oregon -	October 23, 1985
Indiana -	June 13, 1986	South Carolina -	October 9, 1986
Iowa -	September 26, 1986	South Dakota -	September 18, 1986
Louisiana -	October 2, 1986	Tennessee -	September 4, 1986
Maine -	December 16, 1986	Utah -	February 12, 1986
Maryland -	August 4, 1986	Virgin Islands -	December 19, 1986
Michigan -	April 1, 1986	Virginia -	October 31, 1986
Minnesota -	March 12, 1986	Washington -	October 24, 1986

2. Imposing liens against real and personal property for amounts of overdue support.

   All jurisdictions have statutes that address this requirement; fifty have implemented it.

3. Withholding of State tax refunds payable to a parent of a child receiving IV-D services, if the parent is delinquent in support payments.

   Forty-four jurisdictions have statutes that address this requirement; thirty-six have implemented it. Ten States have a Statewide exemption from implementing the requirement.

4. Making available information regarding the amount of overdue support owed by an absent parent to any consumer credit bureau, upon request of such organization.

   Fifty-two jurisdictions have statutes addressing this requirement; 47 have implemented it.

5. Requiring individuals who have demonstrated a pattern of delinquent payments to post a bond, or give some other guarantee to secure payment of overdue support.

   All jurisdictions have statutes addressing this requirement; 49 have implemented it.

6. Establishing expedited processes within the State judicial system or under administrative processes for obtaining the enforcing child support orders and, at the option of the State, for determining paternity.

   Fifty jurisdictions have statutes addressing this requirement; 36 have implemented it.

7. Permitting the establishment of paternity until a child's 18th birthday.

   Fifty-three jurisdictions have statutes addressing this requirement; 53 have implemented it.

8. Procedures under which all child support orders that are issued or modified in the State will include provision for withholding from wages, in order to assure that withholding as a means of collecting child support is available if arrearages occur without the necessity of filing application for services under the IV-D program.

   Fifty-two jurisdictions have statutes that address the requirement; 46 have implemented it.

Other major requirements of the 1984 amendments and the status of implementation are as follows:

State guidelines for child support award amounts within the State which are made available to all judges and other officials who have the power to determine awards, but are not binding upon the judges or officials (effective October 1, 1987).

Thirty jurisdictions have some form of guidelines in place (some of which may not fully comply with Federal requirements); 24 have planned implementation.)

State Commissions (appointed by the Governor) to study and report on the operation of the State's child support system, with special attention to visitation, standards for support, effectiveness of State programs and other areas of concern.

A total of 41 jurisdictions have appointed commissions that have reported to the governors. Eleven States were granted waivers from this requirement.

C. Census Data Relating to Child Support

The U.S. Bureau of the Census has conducted surveys specifically designed to derive information on the receipt of child support. These surveys have been conducted in 1979, 1982 and 1984.

Findings from the most recent (1984) survey show that 58 percent of women living with children under 21 years of age were awarded (or had an agreement to receive) child support. About 42 percent of those who were not awarded support were women who had never been married, 23 percent were women who were currently separated, 21 percent were women who were currently divorced, and 14 percent were women who were divorced but had remarried.

Women who had been married were far more likely to have been awarded child support than never-married women. More than three-fourths of women who were currently divorced, or divorced but remarried, had child support awards. Only 18 percent of never-married women had been awarded child support.

Awards also varied significantly by the educational attainment of the women. Only 42 percent of those with less than a high school education had been awarded support, compared with 71 percent of those who had four or more years of college education.

Eighty percent of those who had been awarded support were supposed to receive payments in 1983. Of those who were supposed to receive payments, about half received the full amount they were due. Nearly a quarter received nothing at all.

The Census data show that the amount of child support that is received is relatively low. The mean amount of support for all women who received some payment increased from $2,110 in 1981 to $2,340 in 1983. After adjusting for inflation, however, payments showed no significant change in real terms. Consequently, according to the Census data, average child support payments in 1983 remained about 15 percent below the level reported in 1978 in real terms. Child support payments as a percentage of the average income of men remained at about the same level--13 percent--in all three survey years.

D. Family Status of Children

Both the number and percentage of children living with one parent have grown substantially in the last quarter century. In 1960, 5.8 million children, or 9.2 percent of all children under 18, lived with one parent. By 1985, the number had grown to 14.6 million, or 23 percent of all children. (See Table 1.)

The number of children living with a never-married parent has also grown substantially, from 243,000 or .4 percent of all children in 1960, to 3.8 million, or six percent of all children in 1985.

These numbers represent a snapshot of children at a particular time. The number of children living in other than a two-parent family during some part of their childhood is very much greater. Sandra Hofferth of the National Institute of Child Health and Human Development published research findings in the February, 1985 Journal of Marriage and the Family which project that, by age 17, 70 percent of white children born in 1980 will have spent at least some time with only one parent before they reach age 18. The proportion for black children is 94 percent. Of children born in 1980, white children can be expected to spend 31 percent of their childhood years with one parent, black children 59 percent. The research shows that children's experience depends on family type at birth. According to the Hofferth projections, sixty-four percent of white children born in 1980 into a first-marriage family could expect to live at some point in a one-parent family by age 17; they could expect to spend 25 percent of their childhood in such a family. The comparable figures are 89 percent and 44 percent for black children born in the same year.

TABLE 2. STATUS OF CHILDREN: 1960-1985

(in thousands)

	1960	1970	1975	1980	1985
Children under 18:					
Total in population	63,727	69,162	64,165	63,427	62,475
Living with 1 parent	5,832	8,199	11,246	12,466	14,635
As percent of all children	9.2	11.9	17.5	19.7	23.4
Living with never-married parent	243	557	1,198	1,820	3,756
As percent of all children	.4	.8	1.9	2.9	6.0
Receiving AFDC *	2,314	6,214	8,095	7,419	7,163

* Includes some children age 18-22 for years 1960-1980

Source: Based on Census and DHHS publications.

E. Enforcement of Interstate Support Obligations

Since the child support enforcement program began in 1975 there has been provision in the law to require States to cooperate in enforcing interstate cases. Specifically, the law requires each State to cooperate with any other State in establishing paternity, locating absent parents, and in securing compliance by an absent parent with an order issued in another State.

The Child Support Amendments of 1984 included a provision to encourage interstate cooperation by providing Federal incentive payments for collections made in interstate cases to both the initiating and responding States. In addition, the legislation authorized $7 million in fiscal year 1985, $12 million in 1986, and $15 million in 1987 and years thereafter to fund special projects developed by States for demonstrating innovative techniques for improving child support collections in interstate cases.

In 1982, the Office of Child Support Enforcement funded a grant to study problems in the area of interstate collections and to recommend changes to improve State procedures. One of the recommendations of the Interstate Child Support Collections Study (issued May 1, 1985) was the development by the Federal Government of more comprehensive regulations governing interstate cases. On December 2, 1986, the Department of Health and Human Services published proposed regulations that would require States to extend to interstate IV-D cases the full range of services available in the State for locating absent parents, establishing paternity, establishing child support obligations, and securing compliance by an absent parent with a support order. In addition, the proposed regulations would require that each State establish a central registry for receiving and controlling all incoming interstate IV-D cases.

It has long been recognized that States have been giving inadequate attention to the enforcement of interstate support obligations. Until recently, however, there have been no data on interstate enforcement activities. As a result of the 1984 amendments requiring more detailed data collection, some information on interstate activities is becoming available. According to the Office of Child Support Enforcement, in 1986 States reported using their title IV-D programs to make AFDC collections on behalf of other States totaling $79 million, and non-AFDC collections totaling $153 million. (See tables 3 and 4 for State-by-State interstate collection data for AFDC, including foster care, and non-AFDC cases.)

Table 3

FISCAL YEAR: 1986 AFDC/FOSTER CARE COLLECTIONS MADE ON BEHALF OF OTHER STATES DATE: 02/09/87

STATE	1982	1983	1984	1985	1986
ALABAMA	0	0	0	0	889,140
ALASKA	0	0	0	313,450	1,288,185
ARIZONA	0	0	0	0	1,673,816
ARKANSAS	0	0	0	0	969,521
CALIFORNIA	0	0	0	0	13,800,107
COLORADO	0	0	0	0	2,120,405
CONNECTICUT	0	0	0	0	1,532,255
DELAWARE	0	0	0	96,867	2,101,195
DISTRICT OF COLUMBIA	0	0	0	0	686,854
FLORIDA	0	0	0	0	6,934,218
GEORGIA	0	0	0	0	1,357,975
GUAM	0	0	0	8,062	33,752
HAWAII	0	0	0	106,037	502,587
IDAHO	0	0	0	0	191,514
ILLINOIS	0	0	0	0	2,497,433
INDIANA	0	0	0	0	2,124,850
IOWA	0	0	0	0	697,976
KANSAS	0	0	0	0	838,334
KENTUCKY	0	0	0	0	765,360
LOUISIANA	0	0	0	0	209,785
MAINE	0	0	0	0	315,972
MARYLAND	0	0	0	0	500,000
MASSACHUSETTS	0	0	0	0	2,835,052
MICHIGAN	0	0	0	0	542,262
MINNESOTA	0	0	0	535,221	1,980,932
MISSISSIPPI	0	0	0	0	335,178
MISSOURI	0	0	0	0	278,962
MONTANA	0	0	0	0	96,645
NEBRASKA	0	0	0	0	317,220
NEVADA	0	0	0	672,942	1,968,236
NEW HAMPSHIRE	0	0	0	0	410,802
NEW JERSEY	0	0	0	0	2,813,207
NEW MEXICO	0	0	0	0	729,009
NEW YORK	0	0	0	0	723,288
NORTH CAROLINA	0	0	0	0	614,069
NORTH DAKOTA	0	0	0	0	162,151
OHIO	0	0	0	0	1,423,081
OKLAHOMA	0	0	0	0	988,850
OREGON	0	0	0	0	3,200,782
PENNSYLVANIA	0	0	0	0	1,924,744
PUERTO RICO	0	0	0	0	1,865,747
RHODE ISLAND	0	0	0	0	670,440
SOUTH CAROLINA	0	0	0	0	2,209,263
SOUTH DAKOTA	0	0	0	0	443,595
TENNESSEE	0	0	0	0	1,654,525
TEXAS	0	0	0	0	2,850,581
UTAH	0	0	0	0	657,080
VERMONT	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	33,499
VIRGINIA	0	0	0	0	173,278
WASHINGTON	0	0	0	1,966,277	4,577,139
WEST VIRGINIA	0	0	0	0	190
WISCONSIN	0	0	0	0	491,711
WYOMING	0	0	0	0	106,343
NATIONWIDE TOTALS	0	0	0	3,698,856	79,109,315

SOURCE: OCSE-34, LINE 19, COLS. A+C

Table 4

FISCAL YEAR: 1986

NON-AFDC COLLECTIONS MADE ON BEHALF OF OTHER STATES

DATE: 02/09/87

STATE	1982	1983	1984	1985	1986
ALABAMA	0	0	0	0	1,494,262
ALASKA	0	0	0	380,216	1,794,481
ARIZONA	0	0	0	0	2,477,362
ARKANSAS	0	0	0	0	1,136,315
CALIFORNIA	0	0	0	0	16,275,135
COLORADO	0	0	0	0	4,133,776
CONNECTICUT	0	0	0	0	3,551,655
DELAWARE	0	0	0	356,419	0
DISTRICT OF COLUMBIA	0	0	0	0	715,842
FLORIDA	0	0	0	0	13,196,761
GEORGIA	0	0	0	0	3,639,134
GUAM	0	0	0	12,057	65,525
HAWAII	0	0	0	197,409	1,345,264
IDAHO	0	0	0	0	473,976
ILLINOIS	0	0	0	0	2,817,155
INDIANA	0	0	0	0	1,364,157
IOWA	0	0	0	0	969,000
KANSAS	0	0	0	0	1,217,549
KENTUCKY	0	0	0	0	1,835,830
LOUISIANA	0	0	0	0	3,985,506
MAINE	0	0	0	0	914,409
MARYLAND	0	0	0	0	4,500,000
MASSACHUSETTS	0	0	0	0	4,899,658
MICHIGAN	0	0	0	0	4,468,012
MINNESOTA	0	0	0	319,169	2,140,982
MISSISSIPPI	0	0	0	0	615,394
MISSOURI	0	0	0	0	617,604
MONTANA	0	0	0	0	64,343
NEBRASKA	0	0	0	0	528,316
NEVADA	0	0	0	1,681,839	3,231,958
NEW HAMPSHIRE	0	0	0	0	3,013,793
NEW JERSEY	0	0	0	0	10,066,037
NEW MEXICO	0	0	0	0	593,235
NEW YORK	0	0	0	0	17,207,286
NORTH CAROLINA	0	0	0	0	20,787
NORTH DAKOTA	0	0	0	0	118,230
OHIO	0	0	0	0	2,174,587
OKLAHOMA	0	0	0	0	1,424,032
OREGON	0	0	0	0	3,688,075
PENNSYLVANIA	0	0	0	0	11,864,479
PUERTO RICO	0	0	0	0	668,396
RHODE ISLAND	0	0	0	0	436,290
SOUTH CAROLINA	0	0	0	0	153,881
SOUTH DAKOTA	0	0	0	0	182,579
TENNESSEE	0	0	0	0	3,480,013
TEXAS	0	0	0	0	5,051,421
UTAH	0	0	0	0	1,037,770
VERMONT	0	0	0	0	0
VIRGIN ISLANDS	0	0	0	0	152,599
VIRGINIA	0	0	0	0	517,155
WASHINGTON	0	0	0	2,301,162	5,327,583
WEST VIRGINIA	0	0	0	0	0
WISCONSIN	0	0	0	0	945,207
WYOMING	0	0	0	0	422,476
NATIONWIDE TOTALS	0	0	0	5,248,271	152,995,268

SOURCE: OCSE-34, LINE 19, COL. 8

F. Use of Guidelines in Setting Support Awards

Prior to the 1984 amendments, there was no provision in the law that addressed the adequacy or reasonableness of the amount of support awarded by judges or other officials with the authority to make child support awards. In 1984, the Committee on Finance approved an amendment, which was included in the final legislation, that required States to develop a set of guidelines to be considered in determining support orders. Under the amendment, each State has the authority to determine the nature of its guidelines. The guidelines may be established by law or by judicial or administrative action. They must be made available to all judges and other officials who have the power to determine child support awards within the State, but need not be binding upon the judges or other officials. The 1984 amendment also requires the Secretary of HHS to furnish technical assistance to the States in establishing their guidelines.

The Office of Child Support Enforcement reports that currently some form of guidelines have been implemented in 30 States. (Some of these may not conform to Federal rules.) In 9 States guidelines are used by the Court as a rebuttable presumption: California, Colorado, Delaware, Hawaii, Illinois, Minnesota, New Jersey, South Dakota and Utah. In 7 States guidelines are used as a rebuttable presumption under administrative procedures: Alaska, Iowa, Maine, Missouri, Montana, Oregon and Virginia. Advisory guidelines are used in 13 States: Alabama, Arizona, Arkansas, Connecticut, Georgia, New Hampshire, New Mexico, North Carolina, North Dakota, South Carolina, Washington, Wisconsin (will become presumptive in July, 1987) and Wyoming. The presumptive or advisory determination is left to the counties in the State of Pennsylvania.

As part of its fiscal year 1988 budget, the Administration has proposed that States be required to adopt child support guidelines as a rebuttable presumption and to periodically review and modify support orders under appropriate circumstances. The guidelines would have to meet minimal Federal standards as set by the Secretary in regulations and could not discriminate between AFDC and non-AFDC families.

The Office of Child Support Enforcement currently is funding a contract with Policy Studies, Inc. to conduct research on State use of guidelines. Appendix A provides a brief description of selected child support guidelines that was prepared by Policy Studies, Inc. It includes case examples and graphs to illustrate the results obtained by using different kinds of guidelines.

G. Program Development

On a national basis, the child support enforcement program has continued to experience increased collections in recent years. There have also been increases in program activities, including number of paternities established, number of parents located and number of support obligations established. However, recent national statistics do not yet reflect any significant impact from the 1984 amendments. The reasons for this are not fully understood, but an underlying cause appears to be that it has taken many States a substantial length of time to enact statutory changes and to implement the newly required enforcement procedures. It may be that statistics for fiscal year 1987 will show more significant program increases than occurred in 1986.

Collections on behalf of AFDC families increased from $1.090 billion in 1985 to $1.227 billion in 1986, an increase of 13 percent. (AFDC collections increased 14 percent from 1983 to 1984.) Collections on behalf of non-AFDC families increased from $1.604 billion in 1985 to $2.024 billion in 1986, an increase of 26 percent. (Non-AFDC collections increased 20 percent from 1983 to 1984.) A significant part of recent collection increases is due to the IRS tax refund offset program. The graph on page 21 shows AFDC and non-AFDC collections in constant (1986) dollars over the period 1982-1986.

With respect to establishment of paternity, States reported that they established paternity in 245,000 cases in 1986, a five percent increase over 1985. There was also a five percent increase in the number of paternity establishment cases reported for 1984, over 1983. States reported that they established 723,000 support obligations in 1986, an increase of eight percent over 1985. There was a 16 percent increase in the number of support obligations established in 1984 over 1983. See Table 5 for a summary of national performance statistics, 1982 to 1986. Tables 6 through 25 show program performance for each of the States represented on the Committee on Finance. (These tables and graphs were prepared by the Congressional Research Service using data from the Office of Child Support Enforcement.)

Graph 1

UNITED STATES

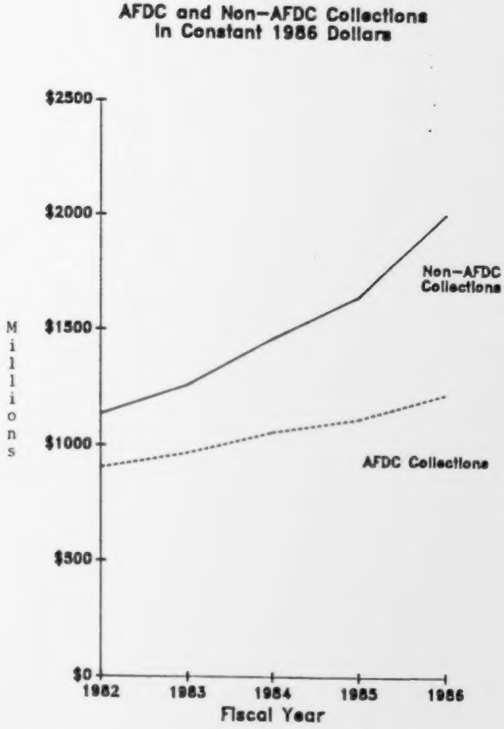
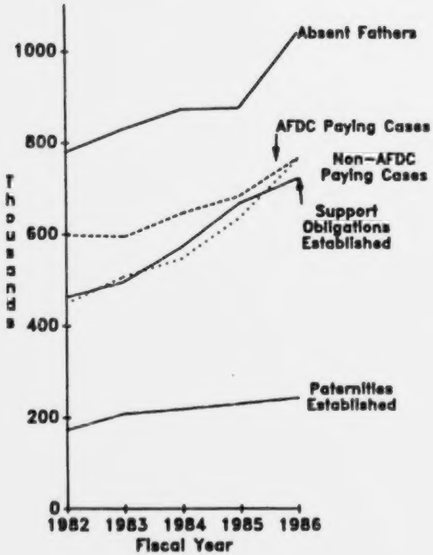


Table 5

UNITED STATES

Program Activity


United States

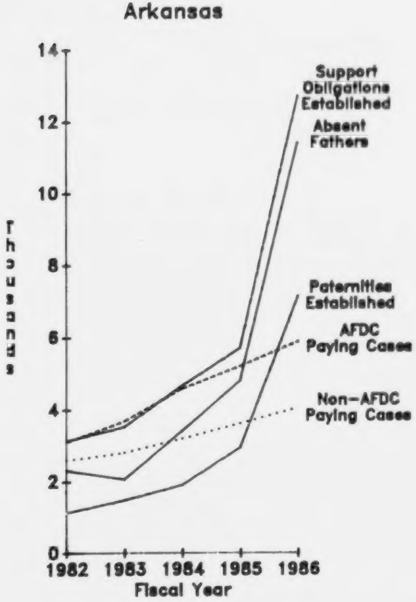
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	597,231	766,781
Non-AFDC cases for which a collection was made	448,102	763,691
Absent parents located	779,298	1,040,233
Paternities established	172,767	244,864
Support obligations established	462,128	723,368
Percent of AFDC payments recovered by collections	6.8%	8.6%
	(thousands)	
AFDC collections	$ 785,931 (904,607)*	$1,227,442 --
Non-AFDC collections	984,447 (1,133,099)*	2,024,317 --
Administrative costs (total Federal/State)	611,792	931,967

* Constant 1986 dollars.

Table 6

ARKANSAS

Program Activity



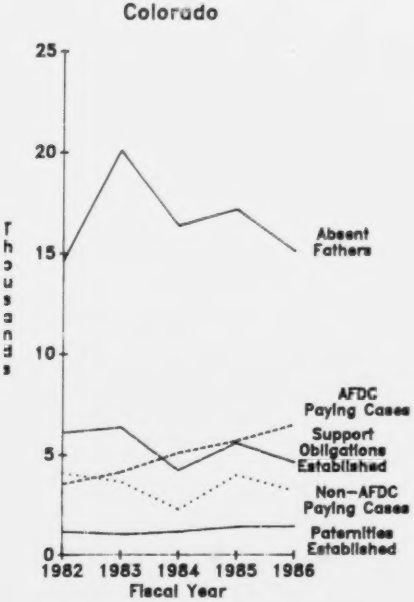
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	3,090	5,886
Non-AFDC cases for which a collection was made	2,581	4,048
Absent parents located	2,308	11,400
Paternities established	1,131	7,144
Support obligations established	3,121	12,704
Percent of AFDC payments recovered by collections	8.9%	16.6%
	(thousands)	
AFDC collections	$3,032 (3,490)*	$8,083 --
Non-AFDC collections	2,521 (2,902)*	6,782 --
Administrative costs (total Federal/State)	4,722	5,670

* Constant 1986 dollars.

Table 7

COLORADO

Program Activity



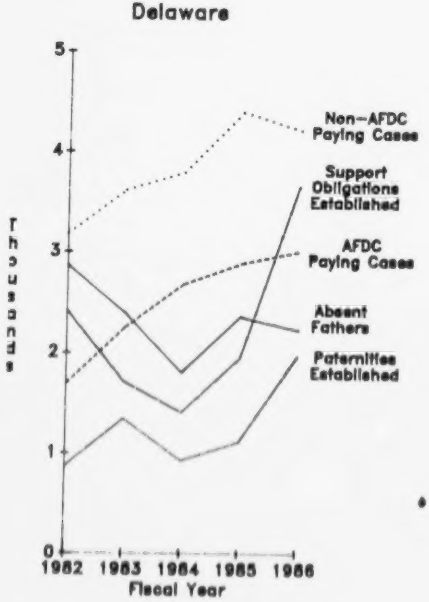
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	3,539	6,485
Non-AFDC cases for which a collection was made	4,069	3,187
Absent parents located	14,641	15,133
Paternities established	1,154	1,451
Support obligations established	6,087	4,599
Percent of AFDC payments recovered by collections	7.6%	10.4%
	(thousands)	
AFDC collections	$ 5,990 (6,894)*	$11,135 --
Non-AFDC collections	10,948 (12,601)*	7,920 --
Administrative costs (total Federal/State)	6,630	10,058

* Constant 1986 dollars.

Table 8

DELAWARE

Program Activity



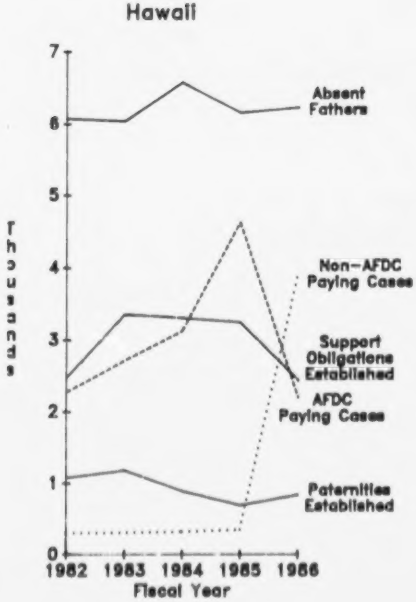
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	1,691	3,013
Non-AFDC cases for which a collection was made	3,175	4,212
Absent parents located	2,866	2,235
Paternities established	871	1,986
Support obligations established	2,415	3,669
Percent of AFDC payments recovered by collections	7.3%	16.3%
	(thousands)	
AFDC collections	$1,958 (2,254)*	$3,987 --
Non-AFDC collections	5,426 (6,245)*	8,245 --
Administrative costs (total Federal/State)	2,066	4,966

* Constant 1986 dollars.

Table 9

HAWAII

Program Activity



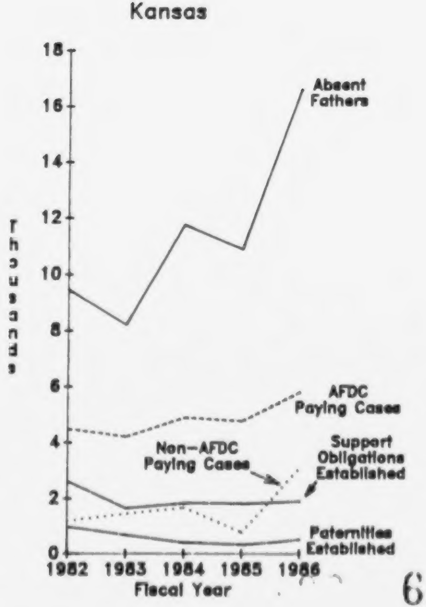
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	2,272	2,197
Non-AFDC cases for which a collection was made	298	3,926
Absent parents located	6,067	6,229
Paternities established	1,077	836
Support obligations established	2,476	2,434
Percent of AFDC payments recovered by collections	4.1%	7.6%
	(thousands)	
AFDC collections	$3,345 (3,850)*	$5,138 --
Non-AFDC collections	4,879 (5,616)*	6,653 --
Administrative costs (total Federal/State)	3,094	5,227

* Constant 1986 dollars.

Table 10

KANSAS

Program Activity



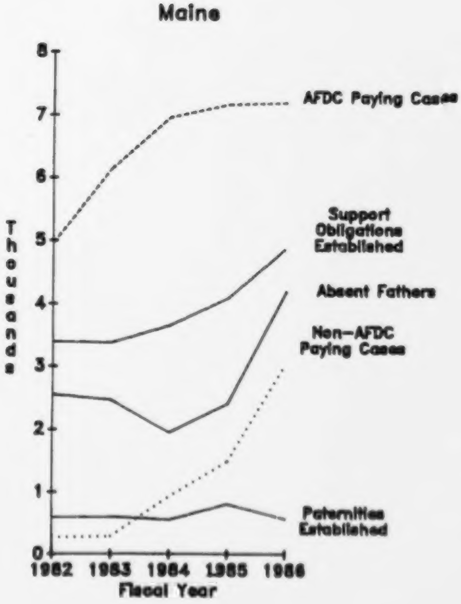
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	4,479	5,818
Non-AFDC cases for which a collection was made	1,184	3,095
Absent parents located	9,444	16,616
Paternities established	978	528
Support obligations established	2,587	1,896
Percent of AFDC payments recovered by collections	10.8%	12.4%
	(thousands)	
AFDC collections	$7,765 (8,938)*	$10,298 --
Non-AFDC collections	1,835 (2,112)*	6,118 —
Administrative costs (total Federal/State)	4,660	7,652

* Constant 1986 dollars.

Table 11

MAINE

Program Activity

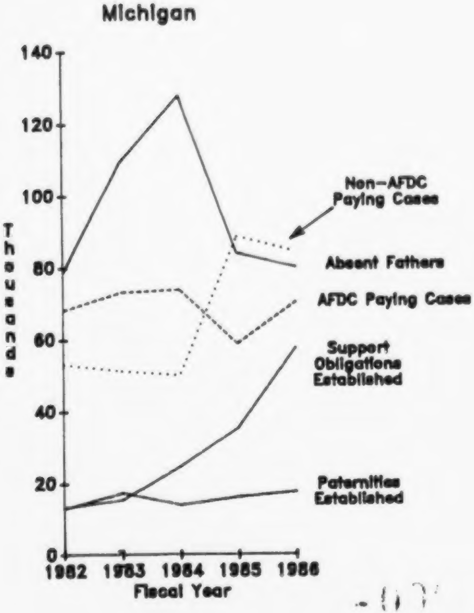


	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	4,964	7,209
Non-AFDC cases for which a collection was made	271	3,056
Absent parents located	2,548	4,199
Paternities established	595	570
Support obligations established	3,388	4,891
Percent of AFDC payments recovered by collections	10.2%	16.7%
	(thousands)	
AFDC collections	$5,991 (6,896)*	$12,796 --
Non-AFDC collections	1,474 (1,697)*	4,935 --
Administrative costs (total Federal/State)	2,625	4,484

* Constant 1986 dollars.

Table 12
MICHIGAN

Program Activity



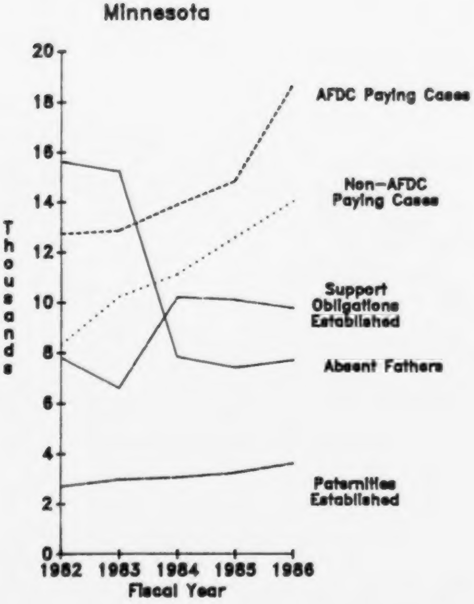
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	68,266	70,615
Non-AFDC cases for which a collection was made	53,137	84,397
Absent parents located	78,849	80,217
Paternities established	12,952	17,737
Support obligations established	13,303	57,845
Percent of AFDC payments recovered by collections	12.9%	12.8%
	(thousands)	
AFDC collections	$101,339 (116,641)*	$125,426 --
Non-AFDC collections	139,099 (160,103)*	299,221 --
Administrative costs (total Federal/State)	36,575	47,952

* Constant 1986 dollars.

Table 13

MINNESOTA

Program Activity



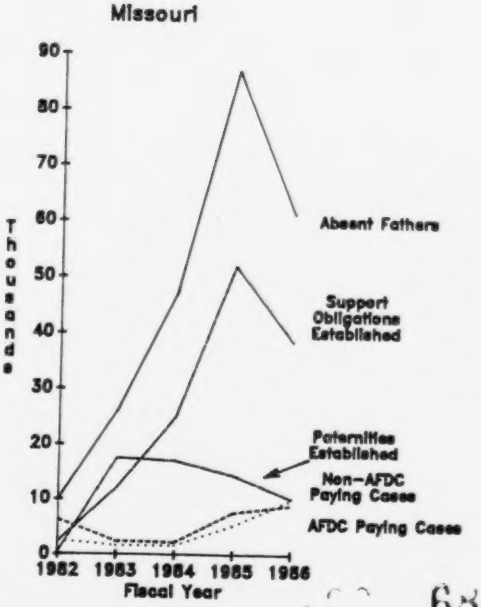
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	12,752	18,751
Non-AFDC cases for which a collection was made	8,331	14,067
Absent parents located	15,631	7,750
Paternities established	2,707	3,646
Support obligations established	7,810	9,798
Percent of AFDC payments recovered by collections	11.2%	13.0%
	(thousands)	
AFDC collections	$23,125 (26,617)*	$33,921 --
Non-AFDC collections	14,709 (16,930)*	34,968 --
Administrative costs (total Federal/State)	16,407	22,797

* Constant 1986 dollars.

Table 14

MISSOURI

Program Activity



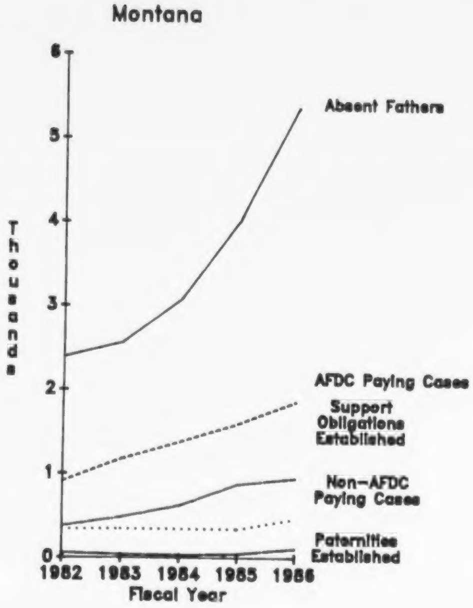
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	6,361	9,116
Non-AFDC cases for which a collection was made	2,490	10,001
Absent parents located	10,138	61,321
Paternities established	424	10,208
Support obligations established	2,335	38,520
Percent of AFDC payments recovered by collections	7.1%	9.7%
	(thousands)	
AFDC collections	$12,434 (14,312)*	$18,728 —
Non-AFDC collections	6,152 (7,081)*	36,269 —
Administrative costs (total Federal/State)	7,612	14,146

* Constant 1986 dollars.

Table 15

MONTANA

Program Activity



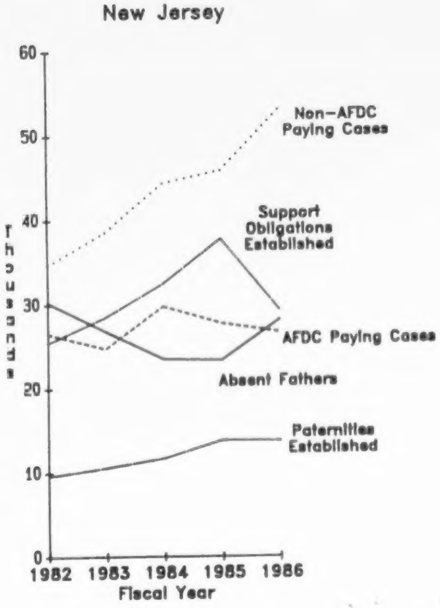
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	908	1,866
Non-AFDC cases for which a collection was made	340	470
Absent parents located	2,394	5,363
Paternities established	56	120
Support obligations established	377	955
Percent of AFDC payments recovered by collections	6.7%	11.0%
	(thousands)	
AFDC collections	$1,237 (1,424)*	$3,438 --
Non-AFDC collections	513 (590)*	1,193 --
Administrative costs (total Federal/State)	1,049	1,785

* Constant 1986 dollars.

Table 16

NEW JERSEY

Program Activity



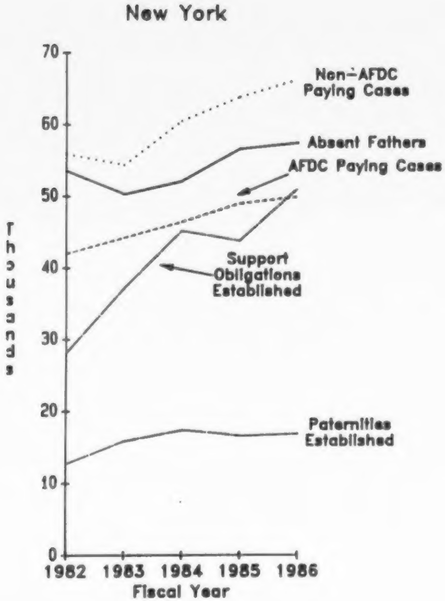
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	26,493	26,606
Non-AFDC cases for which a collection was made	34,662	53,091
Absent parents located	30,245	28,156
Paternities established	9,647	13,731
Support obligations established	25,447	29,300
Percent of AFDC payments recovered by collections	7.0%	11.4%
	(thousands)	
AFDC collections	$ 33,606 (38,681)*	$ 57,785 --
Non-AFDC collections	97,997 (112,795)*	171,785 --
Administrative costs (total Federal/State)	33,260	49,548

* Constant 1986 dollars.

Table 17

NEW YORK

Program Activity



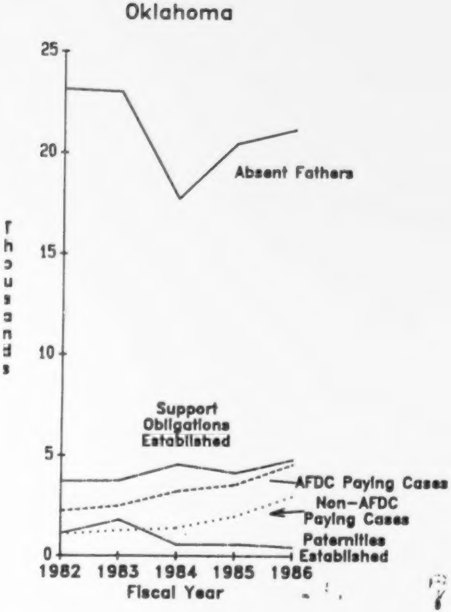
	Fiscal year 1982	Fiscal year 1986
AFDC cases for which a collection was made	41,968	49,900
Non-AFDC cases for which a collection was made	55,832	66,234
Absent parents located	53,521	57,462
Paternities established	12,751	16,929
Support obligations established	28,036	51,063
Percent of AFDC payments recovered by collections	3.5%	4.2%
	(thousands)	
AFDC collections	$ 54,632 (62,881)*	$ 82,512 --
Non-AFDC collections	97,171 (111,844)*	139,441 --
Administrative costs (total Federal/State)	77,830	121,400

* Constant 1986 dollars.

Table 18

OKLAHOMA

Program Activity



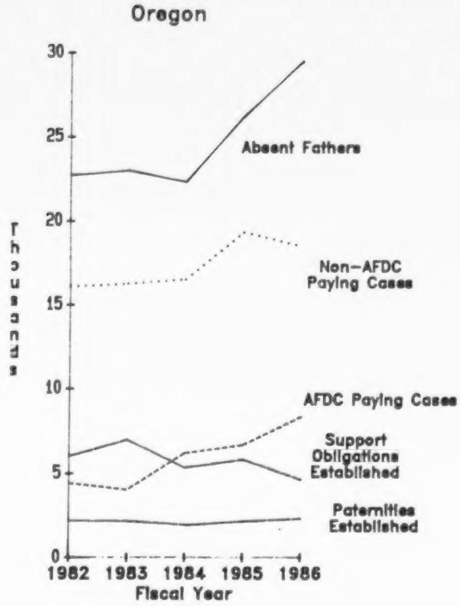
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	2,231	4,551
Non-AFDC cases for which a collection was made	1,078	2,977
Absent parents located	23,131	21,163
Paternities established	1,132	430
Support obligations established	3,703	4,793
Percent of AFDC payments recovered by collections	3.5%	7.2%
	(thousands)	
AFDC collections	$2,607 (3,001)*	$7,219 --
Non-AFDC collections	1,289 (1,484)*	5,758 --
Administrative costs (total Federal/State)	6,128	7,298

* Constant 1986 dollars.

Table 19

OREGON

Program Activity



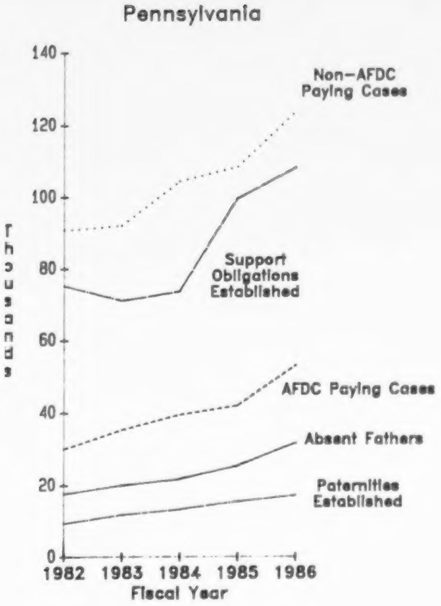
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	4,399	8,344
Non-AFDC cases for which a collection was made	16,065	18,467
Absent parents located	22,717	29,496
Paternities established	2,190	2,351
Support obligations established	6,004	4,635
Percent of AFDC payments recovered by collections	16.4%	12.9%
	(thousands)	
AFDC collections	$16,451 (18,935)*	$15,268 —
Non-AFDC collections	30,234 (34,799)*	33,883 —
Administrative costs (total Federal/State)	11,300	10,987

* Constant 1986 dollars.

Table 20

PENNSYLVANIA

Program Activity



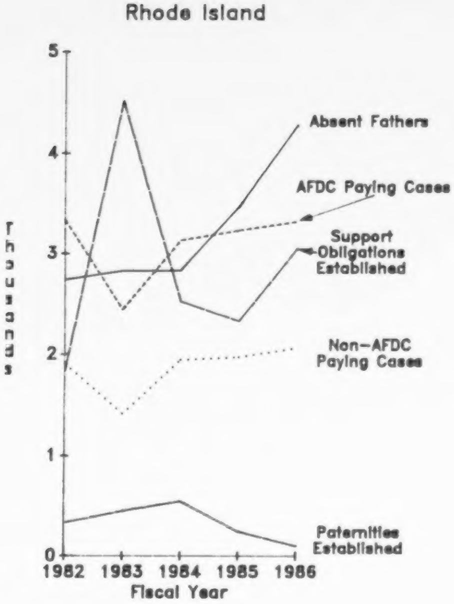
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	29,970	53,114
Non-AFDC cases for which a collection was made	90,694	123,878
Absent parents located	17,618	31,858
Paternities established	9,362	17,443
Support obligations established	75,106	108,188
Percent of AFDC payments recovered by collections	6.0%	10.3%
	(thousands)	
AFDC collections	$ 40,586 (46,714)*	$ 74,460 --
Non-AFDC collections	214,895 (247,344)*	340,342 --
Administrative costs (total Federal/State)	34,527	53,290

* Constant 1986 dollars.

Table 21

RHODE ISLAND

Program Activity



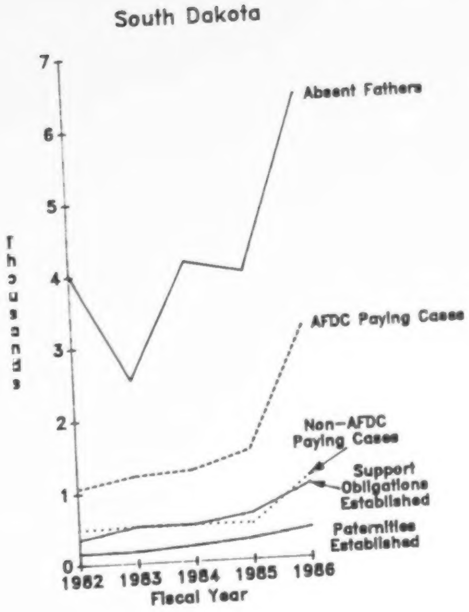
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	3,337	3,323
Non-AFDC cases for which a collection was made	1,900	2,059
Absent parents located	2,737	4,275
Paternities established	333	98
Support obligations established	1,824	3,046
Percent of AFDC payments recovered by collections	5.7%	7.5%
	(thousands)	
AFDC collections	$3,869 (4,453)*	$5,900 --
Non-AFDC collections	1,512 (1,740)*	4,565 --
Administrative costs (total Federal/State)	2,033	2,686

* Constant 1986 dollars.

Table 22

SOUTH DAKOTA

Program Activity



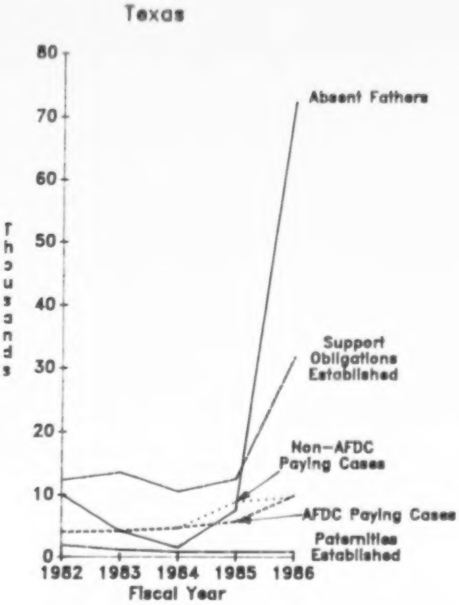
	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	1,064	3,244
Non-AFDC cases for which a collection was made	491	1,144
Absent parents located	4,012	6,420
Paternities established	159	426
Support obligations established	354	1,035
Percent of AFDC payments recovered by collections	8.6%	11.3%
	(thousands)	
AFDC collections	$1,432 (1,648)*	$2,678 --
Non-AFDC collections	690 (794)*	1,796 --
Administrative costs (total Federal/State)	1,175	1,630

* Constant 1986 dollars.

Table 23

TEXAS

Program Activity



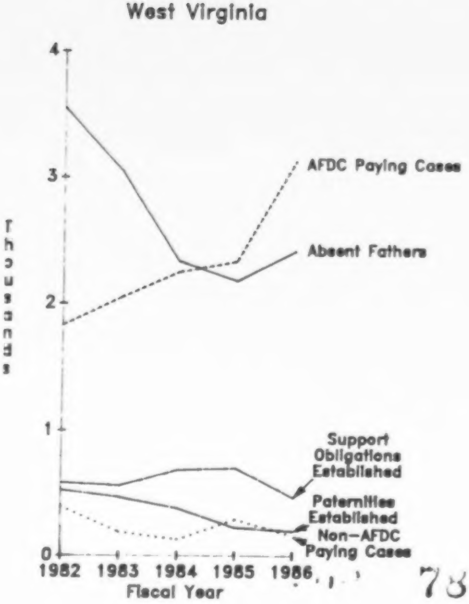
	Fiscal year 1982	Fiscal year 1986
AFDC cases for which a collection was made	4,013	9,776
Non-AFDC cases for which a collection was made	3,888	9,595
Absent parents located	9,970	72,275
Paternities established	1,862	900
Support obligations established	12,331	31,671
Percent of AFDC payments recovered by collections	5.8%	6.2%
	(thousands)	
AFDC collections	$ 6,869 (7,906)*	$17,619 --
Non-AFDC collections	6,973 (8,026)*	25,589 --
Administrative costs (total Federal/State)	16,492	21,522

* Constant 1986 dollars.

Table 24

WEST VIRGINIA

Program Activity



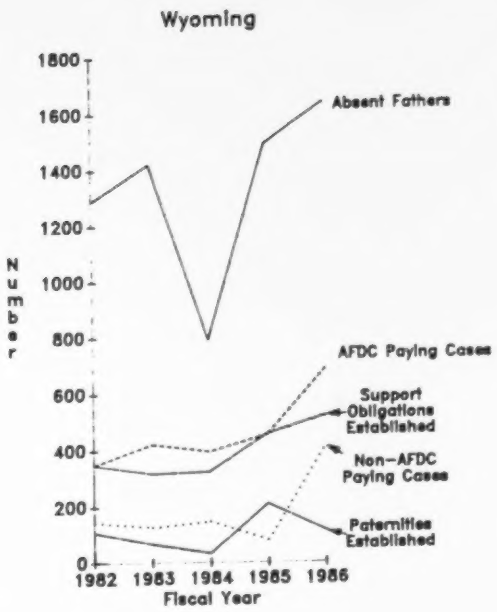
	Fiscal year 1982	Fiscal year 1986
AFDC cases for which a collection was made	1,824	3,126
Non-AFDC cases for which a collection was made	386	157
Absent parents located	3,549	2,412
Paternities established	521	194
Support obligations established	580	464
Percent of AFDC payments recovered by collections	5.6%	7.5%
	(thousands)	
AFDC collections	$2,488 (2,864)*	$5,344 --
Non-AFDC collections	149 (171)*	357 --
Administrative costs (total Federal/State)	2,962	2,874

* Constant 1986 dollars.

Table 25

WYOMING

Program Activity



	Fiscal year	
	1982	1986
AFDC cases for which a collection was made	347	685
Non-AFDC cases for which a collection was made	143	413
Absent parents located	1,287	1,640
Paternities established	108	113
Support obligations established	348	522
Percent of AFDC payments recovered by collections	7.2%	8.6%
	(thousands)	
AFDC collections	$619 (712)*	$1,280 --
Non-AFDC collections	258 (297)*	802 --
Administrative costs (total Federal/State)	380	767

* Constant 1986 dollars.

AFDC CASELOAD AND ASSISTANCE PAYMENTS -- PRELIMINARY DATA FOR FY 1986

Table 26

State	Total Assistance Payments	Average Monthly Caseload	Average Monthly Recipients	Average Monthly Children	Average Payment Per Family	Average Payment Per Person
Alabama	$68,313,096	50,091	145,993	102,348	$113.65	$38.99
Alaska	46,028,365	6,746	16,865	10,787	568.59	227.44
Arizona	78,550,151	26,048	74,363	52,105	251.30	88.03
Arkansas	48,384,642	22,553	66,609	46,859	178.79	60.53
California	3,580,446,421	564,545	1,643,864	1,097,797	528.51	181.51
Coloradc	106,071,061	29,132	83,494	55,849	303.42	105.87
Connecticut	226,931,957	40,318	117,332	79,065	469.05	161.18
Delaware	24,719,340	8,218	21,947	14,743	250.65	93.86
Dist. of Col.	76,485,409	21,325	55,195	41,907	298.89	115.48
Florida	261,298,423	97,383	275,366	201,686	223.60	79.08
Georgia	222,832,541	83,902	237,932	165,883	221.32	78.04
Hawaii	73,314,671	15,177	47,008	30,494	402.54	129.97
Idaho	19,299,033	6,330	17,137	11,499	254.05	93.85
Illinois	885,778,603	241,349	736,880	493,964	305.84	100.17
Indiana	147,469,740	55,693	160,968	108,581	220.66	76.35
Iowa	169,693,564	40,804	127,112	79,546	346.57	111.25
Kansas	91,457,908	23,355	68,850	34,377	326.33	110.70
Kentucky	139,613,730	60,190	161,783	108,246	193.30	71.91
Louisiana	161,539,769	80,249	241,585	170,170	167.75	55.72
Maine	83,957,152	20,078	58,435	36,392	348.46	119.73
Maryland	249,697,762	69,541	191,950	124,249	299.22	108.40
Massachusetts	453,064,452	87,341	235,234	150,655	432.28	160.50
Michigan	1,216,774,416	220,191	672,678	430,649	460.50	150.74
Minnesota	322,312,406	53,756	160,093	100,849	499.65	167.77
Mississippi	73,956,601	53,334	159,804	114,874	115.56	38.57
Missouri	208,567,215	66,503	200,523	131,110	261.35	86.68
Montana	36,830,297	8,840	25,825	16,483	347.18	118.85
Nebraska	61,495,050	16,142	47,059	31,241	317.47	108.90
Nevada	15,663,594	5,471	15,883	10,762	238.59	82.18
New Hampshire	19,596,457	4,966	13,097	8,641	328.85	124.69
New Jersey	508,673,689	120,931	355,461	239,805	350.53	119.25
New Mexico	51,344,488	17,985	51,196	34,445	237.90	83.57
New York	2,079,655,606	368,206	1,098,395	717,464	470.67	157.78
North Carolina	183,127,989	66,864	174,967	118,865	228.23	87.22
North Dakota	19,895,304	4,843	13,427	8,897	342.34	123.48
Ohio	803,514,972	227,315	676,763	428,647	294.57	98.94
Oklahoma	100,201,837	30,223	87,860	60,918	276.29	95.04
Oregon	120,410,237	30,359	82,036	53,998	330.52	122.31
Pennsylvania	773,536,782	190,816	580,193	376,527	337.82	111.10
Rhode Island	78,987,369	16,035	44,439	28,720	410.07	147.97
South Carolina	103,153,952	46,116	130,272	90,808	186.40	65.99
South Dakota	19,487,713	6,161	17,346	12,018	263.59	93.62
Tennessee	99,895,606	59,080	161,635	109,392	140.90	51.50
Texas	280,511,165	136,333	413,455	291,335	171.46	56.54
Utah	54,482,867	13,384	39,788	25,598	339.23	114.11
Vermont	39,276,077	7,629	21,871	13,579	429.00	149.85
Virginia	178,596,047	58,500	153,393	102,748	254.41	97.03
Washington	363,552,617	70,687	197,611	125,735	428.59	153.31
West Virginia	109,001,393	36,514	115,144	69,692	248.76	78.89
Wisconsin	591,983,238	98,616	300,945	189,181	500.24	163.92
Wyoming	15,735,802	4,001	11,103	7,243	327.75	118.11
Guam	3,996,159	1,600	5,030	4,155	208.20	57.12
Puerto Rico	64,868,152	53,719	176,269	119,643	100.63	30.67
Virgin Islands	2,590,028	1,253	4,311	3,202	172.22	50.06
U.S. TOTAL	$15,816,542,915	3,746,740	10,994,571	7,294,424	$351.78	$119.88

Caseload and/or financial data for July, August, and September taken from Form SSA-3635, "Flash Report".

APPENDIX A

SELECTED CHILD SUPPORT GUIDELINES

February 11, 1987

Prepared for:

Senate Finance Committee
United States Congress
Washington, D.C.

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DESCRIPTION OF SELECTED CHILD SUPPORT GUIDELINES

There are three predominant types of guidelines that are being adopted by states.

Flat Percentage Guideline. This simplest type of guideline sets child support as a percentage of obligor income, with the percentages varying according to the number of children. Some percentage guidelines are based on gross (before tax) income whereas others are based on net income (after mandatory deductions). A flat percentage guideline does not consider custodial parent income or make separate provision for child care or extraordinary medical expenses. With the recent exception of the Wisconsin Percentage of Income Standard, a flat percentage guideline does not adjust for shared or split physical custody, or for the presence of children subsequently born to the obligor.

The Wisconsin Percentage of Income Standard may be the most well known of the flat percentage guidelines. It sets child support at 17 percent of obligor gross income for one child, 25 percent for two children, 29 percent for three, and 31 percent for four. The Wisconsin standard has added special adjustments for shared physical custody and for multiple family obligations.

The Minnesota Child Support Guidelines represent a modified flat percentage approach based on net obligor income. Above $1,000 per month obligor net income, support is set at 25 percent of net income for one child, 30 percent for two children, 35 percent for three, and 39 percent for four. At lower income levels, the percentages are set lower. Thus, for one child, the percentage starts at 14 percent at $400 per month obligor net income and increases until reaching 25 percent at $1,000 per month. Unlike the Wisconsin Standard, there are no adjustments for shared physical custody, multiple family responsibilities, or any other factors.

Illinois also has a flat percentage guideline based on net obligor income.

Income Shares Model. The Income Shares model was developed by the Child Support Guidelines staff using the best available economic evidence on child rearing expenditures. The Income Shares model is based on the concept that the child should receive the same proportion of parental income he or she would have received if the parents lived together. The child support computation involves three basic steps:

(1) Income of the parents is determined and added together.

(2) A basic child support obligation is computed based on the combined income of the parents. This obligation represents the amount estimated to have been spent on the children jointly by the parents if the household were intact. The estimated amount, in turn, is derived from economic data on household expenditures on children. A total child support obligation is

computed by adding actual expenditures for work-related child care expenses and extraordinary medical expenses.

(3) The total obligation is pro-rated in proportion to each parents' income. The custodial parent retains his or her share to spend directly on the child. The non-custodial parent's share is payable as child support.

The Income Shares model has been specified in both net income and gross income versions. It incorporates a self-support reserve for the obligor, under which the formula is not applied in determining child support until an obligor's income exceeds the poverty level.

The Colorado Child Support Guideline has been implemented by statute and is based on gross income of the parents. It has adjustments for shared and split custody. The New Jersey Child Support Guidelines have been adopted by Supreme Court Rule and are based on net income of the parents.

The Income Shares model has been adopted in Maine, Michigan, Nebraska, and Vermont, as well as in Colorado and New Jersey. It has been recommended for adoption in Arizona, Missouri, New Mexico, and South Carolina.

Delaware Melson Formula. The Melson Formula is based on three key principles.

(1) Parents are entitled to retain sufficient income for their most basic needs to facilitate continued employment. Thus, only income above a self support reserve, normally $450 per month, is counted in setting child support (a discretionary minimum order is set if the obligor has less than $450 monthly income).

(2) Above the self-support reserve, all parental income is next allocated to the primary support needs of the children. In most cases, these are set at $180 per month for the first child, $135 per month each for the second and third, and $90 per month each for the fourth, fifth, and sixth. Added to primary support needs are actual child care and extraordinary medical expenses. These primary support needs are pro-rated between the parents based on their available income (after deduction of the self-support reserve).

(3) After deduction of the self-support reserve and payment of the pro-rata share of children's primary support needs, 15 percent of the obligor's remaining income is allocated to additional child support for the first child, 10 percent each for the second and third, and 5 percent each for the fourth, fifth, and sixth. This additional child support is termed a standard of living allowance.

Total child support is determined by adding the obligor's proportionate share of primary support together with the standard of living allowance.

The Delaware Melson Formula has been used statewide since 1979. The Delaware Formula also has adjustments for shared physical custody and split custody arrangements. A version of the Delaware Melson Formula has been recommended for adoption in Maryland.

The Hawaii Child Support Guidelines are an adaptation of the Delaware Melson Formula. Adopted by court rule in October 1986, the Hawaii Guidelines are based on gross income of the parents and incorporate several minor modifications to the Delaware formula.

Case Examples and Graphs. Attached are several representative case examples showing results obtained from five guidelines: Minnesota and Wisconsin (flat percentage approaches); Colorado and New Jersey (Income Shares models); and Hawaii (Delaware Melson approach).

Also attached are graphs depicting child support as a percentage of obligor net income for each of the five guidelines. These graphs show results for two children across a range of obligor net income under three assumptions: obligee has zero income, obligee has half as much income as the obligor, and obligee has the same income as the obligor. The graphs depict child support in the absence of child care and extraordinary medical expenses. Actual child care and extraordinary medical expenses would be added to the child support amounts shown for the Colorado, Hawaii, and New Jersey, but not to amounts shown for Minnesota and Wisconsin.

CASE EXAMPLES

Fact Pattern #1
Basic Case with Child Care Expenses

Situation. Mother and Father are divorced. Father lives alone; Mother and the parties' two children, aged three and five, live together. Father has a gross monthly income of $1,600 and a net monthly income of $1,252 prior to deduction of state taxes. Father also pays union dues of $30 per month and provides health insurance for the children at $25 per month.

Mother has a gross monthly income of $1,200; monthly net of $1,043. Mother incurs employment-related child care expense of $150 per month.

Child Support Orders

	Dollars Per Month
Colorado	$425.43
Hawaii	$362.76
Minnesota	$358.15
New Jersey	$427.05
Wisconsin	$400.00

Fact Pattern #2
Low Income Case

Situation. Father has gross monthly income of $900, net monthly income of $801 (before deduction of state taxes). The two children, aged two and four, live with the mother. Mother does not work and receives an AFDC grant of $272 for herself and the two children, plus a Food Stamp allotment of an additional $117 per month. Neither the AFDC grant nor Food Stamps are counted as income under these guidelines, however.

Child Support Orders

	Dollars Per Month
Colorado	$286.00
Hawaii	$350.00
Minnesota	$186.18
New Jersey	$281.75
Wisconsin	$225.00

Fact Pattern #3
High Income Case

Situation. Father and Mother are divorced. Father lives alone; Mother and the parties' two children, aged 12 and 14, live together. Father has monthly gross income of $4,583; monthly net of $3,193 (prior to deduction of state taxes). Mother has a monthly gross of $1,500; monthly net of $1,277.

Child Support Orders

	Dollars Per Month
Colorado	$820.77
Hawaii	$906.27
Minnesota	$900.99
New Jersey	Court Discretion
Wisconsin	$1,145.75

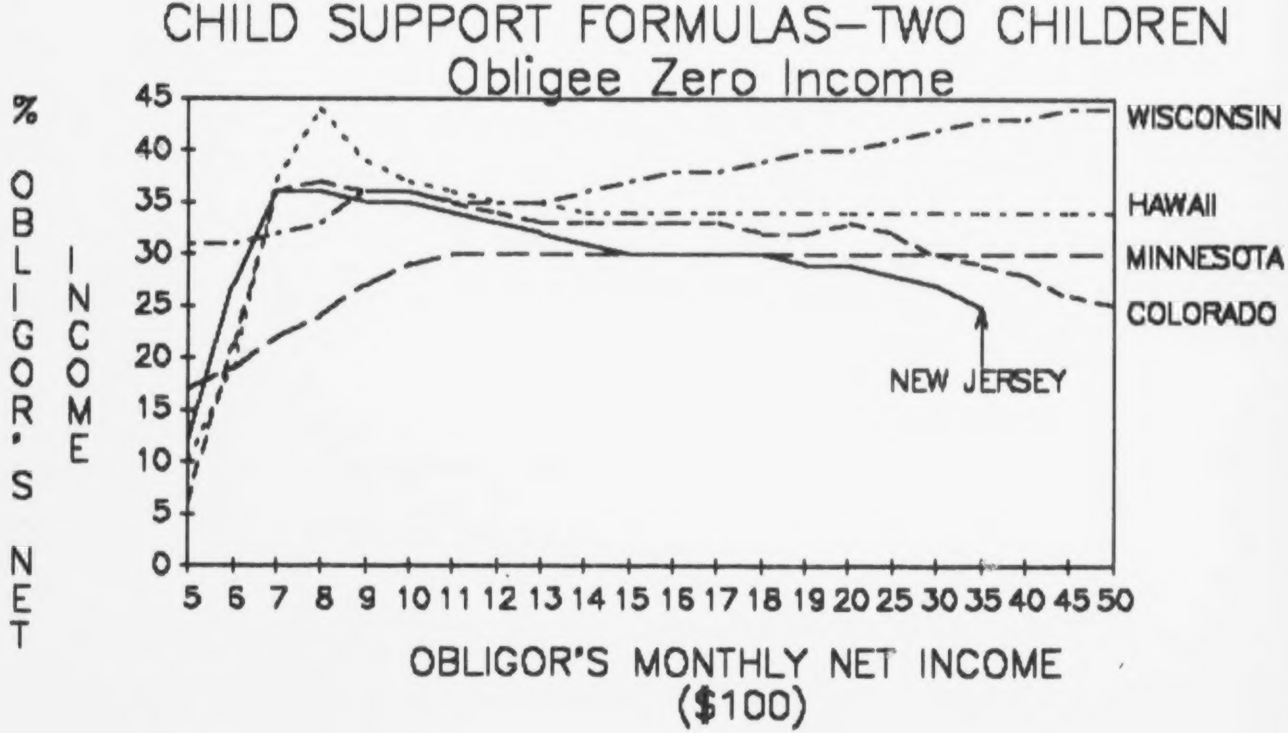
Fact Pattern #4
Joint Custody

Situation. Mother and Father share joint legal custody of their 14 year-old child. They also share physical custody on a fifty-fifty rotating basis. Father has monthly gross income of $900. Mother has monthly gross income of $2,200. (The parents have agreed that Mother will take the tax exemption for the child.)

Child Support Orders

	Dollars Per Month
Colorado	$94.71*
Hawaii	$142.76
Minnesota	Court Discretion
New Jersey	Court Discretion
Wisconsin	$110.50

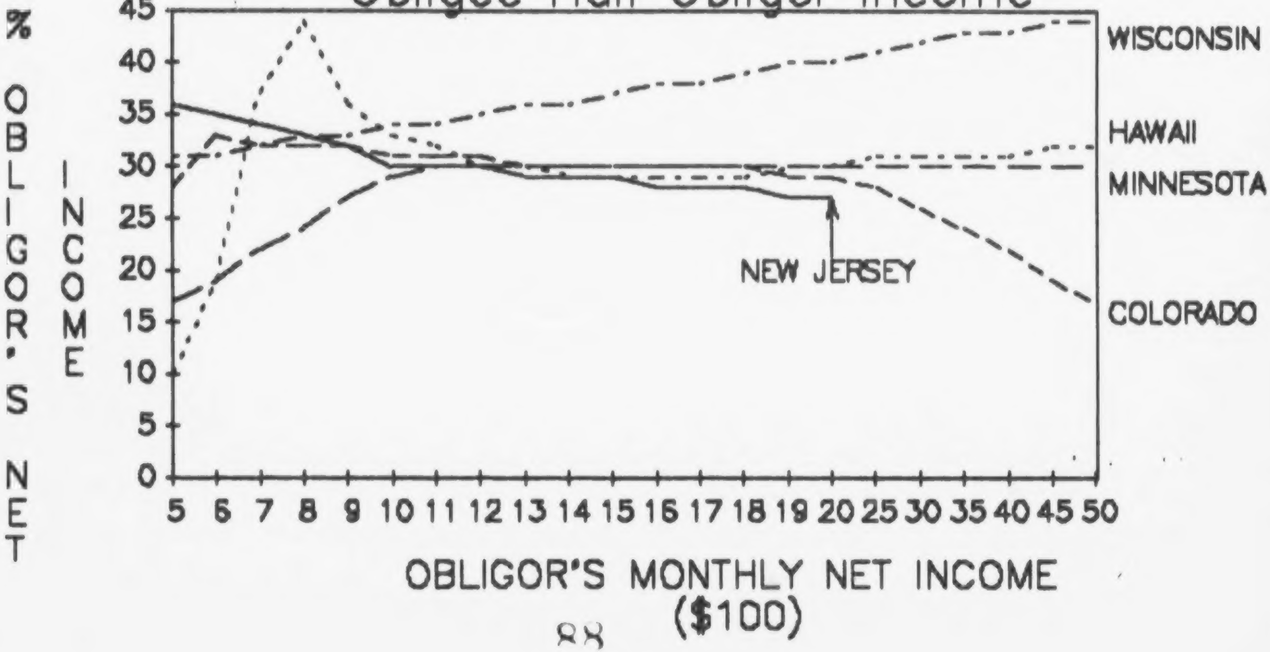
*Will increase to $142.07 under pending legislation.

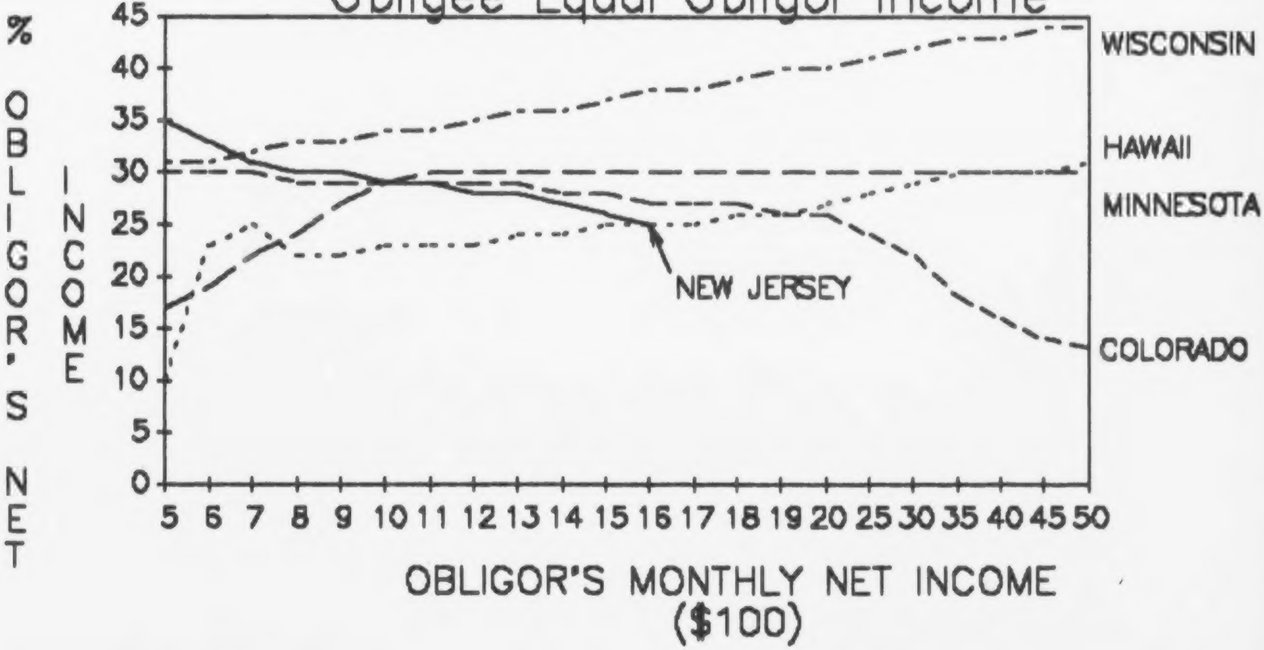


CHILD SUPPORT FORMULAS—TWO CHILDREN
Obligee Zero Income

CHILD SUPPORT FORMULAS—TWO CHILDREN

Obligee Half Obligor Income





CHILD SUPPORT FORMULAS–TWO CHILDREN
Obligee Equal Obligor Income

Senator MOYNIHAN. A very good morning to our audience and guests and distinguished witnesses. This is the third hearing of the new Subcommittee on Social Security and Family Policy, pursuing the general subject of Title IV of the Social Security Act, the Aid to Families of Dependent Children Program, and the general subject known as welfare.

We now go to a series of specific issues, of which the one today is child support. If I were to make one comment, it would be that the theme we have been pursuing, which is the 50-year-old program of Aid to Dependent Children, which began in the form of widows' pensions; but in that program the issue of child support does not arise because of the expectation—in the 1930s—that the male parent who was involved with the family would have died—by an industrial accident or natural causes—and any support becomes moot, that the widow was staying at home, raising the children, and not expected to be treated differently from other women who did the same thing.

The whole world has changed. In the present condition of a large program of Aid to Dependent Children, only in three percent of the families has there been a death in the family. In the meantime, the majority of American children live in single parent families before they are age 18—the majority—only a minority do not. And how to provide for them is a major issue in our nation, if we are going to provide for our future generation. These are our children.

We have the great honor to have before us one of the legends of American political life, the Honorable Claude Pepper, Senator Pepper; and over on the House side, they think the word Senator is honorific and use if exclusively for you. I am going to take the time of this audience just long enough to tell a story about Claude Pepper, this now great legislator, who is in front of you.

It goes back to the year 1940 in New York City, 44th Street, Town Hall, where we have established a place to have debates, discussions on issues, like a little place up in Western Massachusetts or Vermont. And there is a great debate taking place between a gentleman who is a Senator from South Carolina and a Senator from Florida, Claude Pepper, over the poll tax, a big major issue of that day.

And Senator Pepper and his colleague go into hammer and tongs; they are pounding away at each other. The audience is awed with Claude Pepper. And then the questioning comes, and someone stands up in the back and asks him: Senator Pepper, do you think a dollar is that much to charge of someone who really wants to vote? And everyone was thinking: Oh, my God, what will he say?

And up he came to the microphone and said: Well, down home where I come from, they say a dollar ain't much if you got one. And that is Claude Pepper.

And from that day to this, he has understood what real life is for real people, and he is here to speak, having become the foremost symbol of provision for the elderly in our country. And he is here to speak on the subject of the children. Senator, we welcome you. I ask to be forgiven for going on at such length; and I wonder if you would introduce your associate?

STATEMENT OF HON. CLAUDE PEPPER, U.S. CONGRESSMAN FROM THE STATE OF FLORIDA

Congressman PEPPER. Thank you very much, Mr. Chairman and members of the committee. I am very grateful to you for giving me this kind invitation to be here with you today, with my staff director, Kathy Gardner, and to associate myself with this very commendable work that you are undertaking to show more concern and give more assistance to the children of our country.

You know and we all know that one-fifth of the children of America live in poverty; and since 1980, over two million more children have dropped into that desolate land of poverty in our country. We also know that there are about one million teenage girls who have children out of wedlock in our country and that there are some 200,000 children which are the offspring of those teenagers, who will have six times the chance of going into poverty than children born normally in wedlock experience.

We saw here the other day in our local media an instance of a little four-year-old girl in Arlington, Virginia who had a liver disease and applied to the Virginia authorities under the Medicaid law for a transplant. The authorities held that under the law of Virginia they could not give the transplant assistance to this little girl, which meant if she began to bleed she would die. A district judge, I regret to say, agreed with the interpretation of the Virginia authorities; but fortunately a court of appeals judge in the area reversed that decision and gave that little girl a chance to live.

Now that shows a deficiency in the law, or an error in the interpretation of it by the authorities in charge.

All of us saw in the paper—and especially those of us in Miami—an instance of a seven-year-old boy who a little bit ago also had liver disease. He had to have a transplant; his people were poor. It came to the attention of the President, and both the President and the Vice President called up the little boy. The President sent him a $1,000 contribution. I don't know whether the Vice President sent one or not, but he called up.

And because of the publicity, the news of the President calling up and sending a contribution, a local rich man gave $200,000 for the boy to be able to be on the eligible list for an operation and other subscriptions began pouring in. Now, how fortunate that little boy was to have the attention of the President of the United States and the Vice President and a local rich man and local people; but how rare is that opportunity to get a second chance to live?

Nine million children in this country live under circumstances where they do not have access to any dependable medical care.

At Boca Raton, Florida not long ago, I was at a dinner. I sat opposite a lady, and we got into a conversation about the youth and health. She said, Mr. Pepper, I am a professional obstetrician. She said you would be surprised to know how many children are born with some sort of handicap or deformity, most of which, she said, could be corrected if the child had an opportunity to get the care that is available for that kind of thing.

But, this lady said, most of the mothers are poor; they don't even know where to find a hospital that could give the kind of corrective aid the child needs, and they don't have the money in the second place. And the result is that the child goes on with that handicap the rest of his or her life.

I have no doubt but that a lot of the crime in our country committed by perverted minds derives from lack of prenatal care the mother received, lack of care in its infancy that child received, lack of education or opportunity that that child enjoyed. And I think the consequences are having to be paid by society.

So, taking care of the children is like education; it is not an expense, it is an investment—an investment in the strength and character and good will of our country.

As you know, about five million children in America take care of themselves while the mother works. We had a sad episode in Miami recently. A working mother had called up from time to time to speak to her little three and four year old boy and girl she left alone at home. Late in the afternoon, she called and she didn't get a response. She hurried home, and what did she find? These two little children, playing around in their curiosity, had opened the door of the refrigerator and crawled in; and they had been suffocated in the refrigerator, the door of which closed upon those children.

Senator MOYNIHAN. Oh, God.

Congressman PEPPER. We have also had many instances of people calling in to take care of children who have abused those children—sometimes sexually, sometimes otherwise—and sometimes they have even kidnapped them. It has led me to wonder whether we shouldn't take the initiative in urging the States mainly—although it may be questionable in the minds of some—to begin to lay down some criteria of responsibility of the people entrusted with the care of little children; or at least, I think, what we should do is see to it that we have provided day care centers that are available all over America for the working mothers of this country.

As I understand it something like half of the work force are now women, and a large percentage of them are mothers.

Senator MOYNIHAN. And they are changed circumstances, different from what it once was.

Congressman PEPPER. Exactly right, and these mothers don't have the money to hire a responsible caretaker or engage a responsible day care center. So, the Federal Government, in my opinion, should encourage the States—and I would like to see you consider legislation—that the United States would pioneer and work with the States in seeing to it that the States get help from the Federal Government in maintaining all over—wherever there are children—day care centers for the care of those children.

Another thing, Mr. Chairman, is in the field of education. Down at home, in the Miami area, something like 40-odd percent of the Black children drop out of school around 16 years of age or something like that—around the ninth grade. I have been giving consideration to whether or not we, the Federal Government, shouldn't help the States in raising the compulsory requirement age for education not only to ninth grade or 16 years old, but to graduation from high school.

What chance has a boy or girl today unless they are a genius like Thomas A. Edison of getting a satisfactory job or maintaining a satisfactory position in our competitive society with less than a high school education? It is difficult enough even if you have had a high school education.

And I am sure you and I must meditate from time to time on what would have happened to us if somehow or another we had not been able to get an education. I often think: What would I be doing? What kind of a life would I be able to live if I had not been fortunate enough to have gotten an education? And yet, I regret to say that the discretionary expenditures of this Administration have been reduced 15 percent; the Administration has reduced Medicare by $30 billion and Medicaid by $15 billion, and cut the school lunch program, cut the food stamp program and the like—every program that affects vitally the children of this country, indirectly if not directly, has been cut.

Maybe it is not an impropriety. I said the other day to a group: You know, the attitude of this Administration toward people who have these critical needs reminds me of a story that I heard down South about a farmer who sold a mule to his neighbor. They were on the lot while the transaction was being carried on; and when it was concluded, the purchase was consummated. The buyer tapped the old mule on the shank, and the old mule trotted off. When he did, he ran right into a pine stump that was there and then tumbled over.

The buyer said: Wait a minute; wait a minute. I don't want to buy that mule; that mule is blind. The seller said: That mule ain't blind; he just don't give a damn. [Laughter.]

I know that a high officer of this Administration stated that he didn't know of any children in America that were hungry. Well, I just don't know whether people that have that point of view are blind or they just don't care or they don't look very thoroughly to see whether there are any or not.

So, education is critical, of course; but first is medical care. That is the reason that I think it is so imperative that this Congress enact legislation that would provide comprehensive medical care for the people of this country.

I had a hearing the other day before my Subcommittee on Health and Long-Term Care. I'd like to show you how this problem affects the middle class of our country.

When we enacted national health insurance through Medicare in 1965, we thought, well, we will take care of the old folks, and we will take care of the very poor with Medicaid; the middle class can take care of itself.

The middle class can no longer take care of itself, nor can anyone, except those who are rich. And I had a good illustration of that the other day. A gentleman named Ed Howard appeared before my subcommittee. And incidentally, he called the White House, he testified, and said, "I want you to hear my testimony over there on the Hill; I think you ought to hear it."

And here is what he said. He said, "I was 58 years old. I was a strong man. I had a good job. My wife and I owned our home. I had four insurance policies to cover our health. And we had $140,000 in the bank." He said, "I thought we were in mighty good shape." And of course, you and I know that he was in good shape compared to most of his fellow countrymen.

Then he said, "What happened?" He got the sad news that I got one day: your wife has cancer. "Shortly after that," he said, "I had a stroke. Shortly after that," he said, "I had a bad automobile accident." And from then on, it looks like things went from bad to worse. He said, "Now, I am trying my best in my disabled condition to take care of my wife in a nursing home not covered by Medicare. "And," he said, "almost all of our $140,000 is gone."

I had another letter from a man from Maine, who wrote me, and he said, "I am living between a rock and a hard place." He said he had a similar experience. He said, "our savings of $160,000 are gone. What am I supposed to do?"

Now, children are indirectly affected by these hardships. And by the way, we have the figure that a million people a year in America are forced into destitution because of catastrophic health care costs, and children are affected. If the family goes into destitution, the children are obviously then children of the poor; and obviously, they suffer the disadvantages of poverty.

So, this is a very critical problem for our country. I am sorry that we waited until foreseeing and compassionate people like you are going to take this corrective step. And I want to commend you in the warmest way for having these hearings.

I want us to improve housing, by the way. As you know public housing has practically been diminished under this Administration. There are nine million American children living in unsafe housing, which obviously affects their future and their attitude toward life and their chance of survival and the like.

So, we have got to provide decent shelter. You know, a high official of this Administration a few months ago said: Well, these people that you talk about sleeping on the streets, they just like fresh air. And I read in the New York Times about a lady in New York, an elderly lady, who was a part of a little group who went down to the old Grand Central Station when it was cold and stayed in the station—the lobby there—and slept on the benches until 1:00 in the morning when the police had to get them out for the night and close the station.

Well, they noticed this little lady was elderly. She didn't seem to have on very warm clothes, but she was shooed out with the rest of them. The temperature was 17 degrees. The next morning, they found this lady dead, propped up against the wall. I guess she just got a little too much fresh air, in the opinion of some of these people who don't seem to be so much concerned about that problem.

So, we have got to see to it that the children of this country particularly are helped—there aren't going to be any old folks unless the children grow up. That is an obvious thing. So, the children of this country are our future.

We talk about defense, spending billions, to be assured of our security in the future. If we don't have children that grow up into strong men and women, that will be worse than not having enough weapons to sustain the security of our country.

So, we have got to provide shelter. We have got to provide day care. We have got to provide adequate medical care for these children, beginning with prenatal days on up through their years until they reach an independent age. We have got to see to it that they get an education and, if not education, training.

You know, I understand the Germans used to—and I don't know whether they do now or not—but when you got up to emerge from grammar school and prior to beginning in high school, you had to make a choice. Are you going to take an intellectual pursuit or do you want training? Now, how can you expect these children who drop out of school in the ninth grade and have no vocational training and no education—how can you expect them to get a job, except a common labor job—and they generally don't want those. They are not generally qualified, except as a strong man would be for a common laborer's job; that is about all they are qualified to do.

So, we have got to train them or educate them, and then we have got to provide jobs. I don't see anything wrong with having another WPA or whatever you want to call it.

There are a lot of prominent businessmen in Florida for whom I got a WPA job when I was in the Senate and they were young, because that is all the jobs that were available. I don't see why we have ignored the experience that this Government had back in the Depression days to give aid to a lot of people; and I am talking about welfare.

May I just make this comment? To some people, welfare reform means getting more people off of welfare. I haven't heard of a one of these reformers yet who is looking forward to getting more people back on welfare who were wrongly removed, or getting people on that should be on to enjoy the benefits of it. They are always talking about some fat woman in a Cadillac, a new Cadillac. I said the other day: Why don't they have her in a Lincoln sometimes? That is a good car. [Laughter.]

But they always have a fat woman in a Cadillac who drives up to a food store and, with food stamps, buys a lot of liquor and a lot of cigars and a lot of cigarettes and the like. In fact, a few times we have tightened up the food stamp rules.

But people have got to have adequate food and nourishment, and they have got to have proper development and opportunity to work. Mr. Chairman, you are helping to build a better America, and I congratulate you, and I am anxious to help in any way I can.

Senator MOYNIHAN. Oh, I want to applaud. [Applause.]

Could I ask two things? I know you have to get back to the Rules Committee. The first point you made is that there are some nine million children in the country now who live below the poverty line and have no medical care; but you would agree, I think, that one of the most conspicuous anomalies in our present provisions for children is that if you are "on welfare," you receive Medicaid, but if your family hasn't become dependent on welfare, there is no medical coverage.

And it splits down to about 50/50. Of about half the children who are poor, about half do have medical care and the other half do not; and we can't distinguish between the children, but the program has worked this way.

The other thing I wanted to ask you is this; and you can speak to this as no person. We are told that there is a division growing up between the interests of the elderly and the interests of children in this country.

Congressman **Pepper**. Mr. Chairman, I am glad you mentioned that. I think my experience has been a fair experience in respect to that matter. I am generally known to be identified with the elderly; I am getting up in age myself where I can almost call myself elderly now. [Laughter.]

But as I go around all over the country and walk through the corridors of the Capitol, I am delighted at the number of young people who walk up to me and say: We want to thank you for what you are doing for the elderly. They don't come up to criticize me for what I have been doing for the elderly and say, "You are taking away from us."

They have got a relative somewhere—somebody that is dear to them—that they see is being taken care of by some of these public programs that we have sponsored.

So, I don't see the slightest evidence of hostility or competitiveness between the elderly and the young, although I do hope that we can develop somehow or other among the young a kind of a national organization where these young people will volunteer to work with the elderly—go sit with them a while and talk to them.

I knew my four grandparents. My two grandfathers were both Confederate soldiers in the Civil War. As a little boy, I used to sit and talk to them, you know, about things; and it was fascinating to sit there and talk to those older people. I wish I had known a lot more questions to ask, as I do now.

But the young people really enjoy the company of the elderly. They learn from them about the past and they learn a lot of wisdom that they have acquired by experience. On the other hand, what a joy it is to the older people to be with the young. Nothing is more touching than to see a grandparent's affection for a grandchild. You know, they sort of see their children young again and the like.

So, I think there should be and there really is a comradeship and mutuality of interest between the young and the old. So, I think that we ought to encourage that to be even more than it is.

Senator **Moynihan**. All right, sir. May we thank you very much for coming this morning. And when you get to the point where you are eligible, we will see that these programs are available to you.

Congressman **Pepper**. Presuming to speak for the future generations that you are helping, thank you very, very much.

Senator **Moynihan**. Thank you.

We welcome our colleague and friend, Senator Daschle. You would not wish to make an opening statement at this point?

Senator **Daschle**. No.

Senator **Moynihan**. All right, sir. We now have our next witness, the most honorable and distinguished Governor of the Commonwealth of Massachusetts, to set the stage here.

Governor Dukakis, we welcome you, sir, and perhaps you would introduce your associates? May I say first that all testimony will be included in the record as if read in full, and anyone who wishes to abbreviate or digress or expand is welcome to do so. Governor, we welcome you.

Governor **Dukakis**. Thank you, Mr. Chairman and Senator Daschle. There is a nice right to that, isn't there—Senator Daschle? It is nice to see you, Tom.

Senator **Moynihan**. Could I just make an opening statement here? This subject today is child support; and as I mentioned earlier, the whole question of child support does not arise under our statute. The statute assumes that the complete dependency of the family, which is assumed in a sort of general stereotype of the time when we would think of a West Virginia's miner's widow. The work of the mother is to stay at home and raise the children or not to be in the work force—there weren't such jobs then, anyway—and where they were in the work force, they weren't supposed to be married.

Into the 1950s, in upstate New York, if a young woman got married, she had to stop teaching school. It was thought not fit. And the question of male support did not arise; the male was not alive. The question of female income didn't arise since she didn't leave the house. Only a fraction of our AFDC cases involved a spouse who died, and the big social change in America is that women have gone out into the work force.

It was inevitable with the rise in education, but other things have happened which you know better than anyone else. One State in the Union has learned to take this change in attitudes and opportunities and put it to work for children. One person in this county can summarize that, and it is Governor Dukakis of Massachusetts.

Sir, you have shown in an age when it was thought that either nothing could be done or anything that went wrong was the result of trying to do something—you have disproved it alone—a very lonely time. You have proved both the virtues of being a Yankee and a Greek. You just decided not to do what everyone else told you was inevitable; and we welcome you, sir, and we would like to welcome your associates.

STATEMENT OF HON. MICHAEL DUKAKIS, GOVERNOR OF THE COMMONWEALTH OF MASSACHUSETTS, ACCOMPANIED BY GRADY HEDGERSBETH, CHIEF OF CHILD ENFORCEMENT PROGRAM, AND CHARLES ATKINS, COMMISSIONER OF PUBLIC WELFARE

Governor **Dukakis**. Thank you, Mr. Chairman, I don't know what to say to that introduction; but let me first thank you for your kind words and state the obvious, which is that, while you flatter me, no governor can succeed without some very good people working for him and with him. And I have got two of the best with me here today.

Chuck Atkins, to my right and your left, is our very able Commissioner of Public Welfare and perhaps, along with one other person, his spouse, is as responsible for the success of ET in Massachusetts as anyone I know; but I must confess that maybe his marital relationship is the secret here because Kristin Demong, his wife, happens to be the Director of Employment Security. If you want 24-hour-a-day, seven-day-a-week service on this, you just get a husband and wife team that put it together for you, and you have it.

And to my left and your right is Grady Hedgersbeth, who has been one of our top people in the State Department of Revenue; and as of a week or two ago, he has become the new Chief of our new Child Support Enforcement Program which, as you know, Mr. Chairman, I think uniquely among the States is in the State Department of Revenue. And I am going to talk about that in a minute.

There are some rather compelling reasons for doing that, although this is our choice; and it may not be a choice that every State will want to make.

At the same time, let me apologize for addressing the issue of work and welfare, but you have asked me to do that.

Senator MOYNIHAN. May I first welcome Commissioner Atkins and Commissioner Hedgersbeth? We congratulate you on your new position, sir.

Mr. HEDGERSBETH. Thank you, sir.

Governor DUKAKIS. Let me address first the issue of work and welfare, which I know you have been dealing with and will be; and let me also say in the beginning, Mr. Chairman, that I don't think I have read or seen as thoughtful, as cogent, and as perceptive a statement as yours which began these hearings.

It really says it all, and I hope this weekend—if the nation's governors consider a sweeping welfare reform proposal—that we can in fact make good on that word, which I am not sure I can pronounce, but it starts with "sz."

Senator MOYNIHAN. Szyzergy.

Governor DUKAKIS. Szyzergistically, I hope we can put a piece of legislation together that we can all support. And one area where I am proud to say the States of this nation have demonstrated real initiative and real leadership in all States—not just Massachusetts—is the area of work and welfare. As both of you know, in addition to our own ET choices program in Massachusetts, many States are making great strides in helping families on public assistance to lift themselves out of poverty dependency and to become independent wage earners and self-sustaining citizens and parents.

And in my judgment, and I think in yours, Mr. Chairman, there is now a strong bipartisan concensus on what works and what doesn't work. There is a strong bipartisan concensus, both in the Congress and among the Governors, and I think you are going to see that this weekend when the Governors act on this issue.

In my first term as Governor, I learned the hard way what doesn't work. We started in 1975 with the second highest unemployment rate in the nation, 12 percent. And over the course of that four-year term, our unemployment rate dropped from 12 percent to below 6 percent. At the same time, the number of families on AFDC went up—by the way, a phenomenon which a number of other States are experiencing today and have over the past three or four years.

And try as I might, try as we tried, we couldn't understand this phenomenon. Why should the number of AFDC families be going up at a time when the unemployment rate was dropping by more than half? So, like most Governors, including the former Governor of California, I had my own fling at workfare. And like most Governors who tried workfare, I failed.

I was retired involuntarily from the Governor's office, as both of you know. [Laughter.]

And spent four years thinking about it and why, incidentally, a similar experiment on the part of my successor also failed in 1980, 1981, and 1982.

And I think the answer, quite simply, lies in the fact—as you, Mr. Chairman, have pointed out today—that the overwhelming majority of families on welfare in this country are made up of single mothers with children.

Now, if that is the case—and it is—in my State and in every other State in the Union, unless we want to expect these mothers to abandon their children—unless we expect them to do that—abandon their children for dead-end, make-work jobs—which incidentally make them ineligible for health benefits, such programs are doomed to failure.

And that is why workfare—at least the traditional workfare, as you and I know it—has failed. ET is different because it says to these mothers: We are serious; we want to help you lift yourselves out of the hopeless of dependency, and we are prepared to provide day care, real training for real jobs, and continued medical benefits for up to a year after you have found a job, unless your employer provides health insurance.

Now, our experience, Mr. Chairman, has been that about 70 to 75 percent of the employers—and we have some 8,000 employers who have hired ET graduates—do provide health benefits; and that is fine and that is as it should be.

But about 25 percent of our successful trained ET graduates going into jobs incidentally, which are paying on average now about $6.20 an hour, don't get health insurance, even at that level of pay with the job.

Those three elements—those three elements—child care, real training for real jobs, and health benefits for some time after a welfare mother goes to work, have made the difference. And when we say, Mr. Chairman, real training for real jobs, we mean it because if those doing the training don't place the ET graduate in a real job, they don't get paid; and I can't emphasize that too much. No more training for nonexistent jobs.

The training organizations that we hire and we pay are expected not only to train but to place. No placement, no pay. The proof of the pudding is in the eating. Over 30,000 people on public assistance have obtained unsubsidized full or part-time jobs through ET, and the overwhelming majority of those jobs have been in the private sector.

In fact, as I just pointed out, more than 8,000 employers have hired ET graduates in Massachusetts; and dozens of these employers have told me personally how pleased they are with our ET graduates—their skills, their motivation, their loyalty. They are very, very high on these new employees.

Now, some of you may have read a recent article in the Wall Street Journal which disputes the success of the program. The article is factually wrong. Since ET began, our case load has gone down, not up. And incidentally, Mr. Chairman, it has gone down even though we have increased welfare benefits in Massachusetts and therefore the standard of need by more than 32 percent in the past four years, and I have recommended a six percent increase this year.

So, if the legislature supports that recommendation—and I believe they will—we will have raised welfare benefits by nearly 40 percent in five years, thereby increasing the standard of need and making many more families eligible; even so, the caseload has gone down. That is not all.

The length of time that families on AFDC are staying on AFDC in Massachusetts has also gone down significantly. Since ET began, the average length of stay has decreased by 23 percent. Best of all—and I know you are particularly concerned about the long-term unemployed, long-term families on welfare, Mr. Chairman—the number of families in Massachusetts on AFDC for five years or more has been reduced 25 percent, and the number of two-parent families cut in half.

So, don't let anyone tell you that there is a group of folks on welfare out there who have been on so long that they simply can't get off. In fact, some of our most inspiring success stories have been of welfare mothers who have been on 8 years, 10 years, 12 years, and 14 years and today are holding down very responsible jobs, supporting their children with good, decent incomes; and they have transformed their lives.

Finally, as I am sure you will recognize, our taxpayers are benefitting from ET as well. We estimate last year, after deducting the costs of the program, net, ET saved or gained over $100 million in Federal and State welfare savings and new revenues for the taxes being paid by ET graduates. So, we can even help you reduce that Federal deficit, Mr. Chairman because, if we can work with you, we can help a lot of people to leave welfare and become wage-earning, self-sustaining citizens, and thereby relieve you and us of the fiscal burden of supporting them.

These statistics are impressive, but they don't tell the whole story, for it is the human face of ET which really documents its success. The new-found feelings of self-esteem among our ET graduates, the sense of independence that comes from getting a paycheck instead of a welfare check; the women who have found jobs through ET speak passionately about the way their lives and their children's lives have been changed. And I have met with literally dozens and dozens and dozens of these women.

One of our first ET graduates, Doris Pineo, just wrote me the other day, and she said: "How do you say thank you to someone who has given you a will to live and helped you gain back your self-respect?" The time, in my judgment, has come for meaningful national work and welfare reform legislation, legislation that could build a strong partnership between Washington and the States. And incidentally, Mr. Chairman, I think we have got to carry a very substantial part of that load, and the States have got to be held accountable. This is not just a Federal responsibility; it is ours as well, and it seems to me that it is that kind of partnership that we need.

You have provided great leadership on this issue. Your sponsorship of the so-called "work bill" along with Senators Kennedy and

Kerry and Congressman Levin, is a great start in the right direction. So, providing those genuine employment opportunities for people on public assistance is something which I believe we can do beginning this year.

I would just point out to you that we could do even better if the money that we put up at the State level for employment and training and day care for our ET graduates were at least matched equally as our welfare payments are.

They are not today, as you know. WIN money is scheduled to expire in July. There is a real disincentive on the part of the States to do this because, in fact, you match us roughly 50/50 if we are making a payment in a welfare check, but we are getting virtually no match at this point for employment and training.

And one of the proposals in the Governors' recommendations that we will be considering on Tuesday at the NGA meeting will be to provide a Federal match which is at least equal to, or preferably even greater, for employment and training.

If you could do that, I think Chuck will tell you that we could actually go into our existing welfare and Medicaid budget and commit a substantial portion of those funds to ET to help thousands more families to become independent and self-sustaining, and do so without any additional cost to the Federal or State governments.

Now, in the meantime, in addition to addressing the issue of work and welfare, we also—as you have pointed out, Mr. Chairman—have to address those underlying causes of poverty and dependency that bring people to the welfare office in the first place. And as you, I think, now, under the leadership of Governor Bill Clinton of Arkansas, the National Governors Association is attempting to address very seriously these barriers. What are they? Teen pregnancy, adult illiteracy, school dropouts, drug and alcohol abuse, and especially the failure of parents, usually fathers, to support their children. And many of us have already begun to launch our own campaign, if you will, to bring down those barriers in the field of child support enforcement, as well as others.

As you recognized last month when you opened this series of hearings, child support is a critical element in any attack on the problem of welfare dependency, and for obvious reasons. Since the overwhelming majority of families on welfare are women with children, most of them are on public assistance because the absent father has abandoned those children and pays little or no support.

It is time to say to these fathers that the days when the taxpayers of this country are prepared to assume your responsibility to support your children are over. You have a responsibility to that child and its mother, and if we have to go after you and your wages to ensure that you understand what your responsibility is, we will do it.

So, if we are to bring down this barrier to opportunity for the millions of children living in single-family households, we must develop a child support system that enables all who qualify for child support to get it and ensures that the support is sufficient to guarantee a decent standard of living. We owe it to the nation's children and to its taxpayers.

Before telling you what we are doing in Massachusetts, let me praise the Congress and the Administration for the leadership role they have taken on the issue of child support. The 1984 Child Support Amendments, which were passed on an overwhelmingly bipartisan basis, were designed to encourage the States to tackle child support enforcement aggressively and effectively. And that is precisely what we intend to do in Massachusetts.

We already do a pretty good job of collecting support. We rank among the top ten overall in child support collections, and our welfare department is among the leaders in collecting child support on behalf of welfare clients. Yet, despite our success, Mr. Chairman—despite our success—over $100 million in child support payments go uncollected in the Commonwealth of Massachusetts.

Tougher collection efforts, a more equitable payment system, and a commitment to serve all children living with one parent—not just those on AFDC—are the key elements of our assault on the child support barrier. Beginning July 1 our Department of Revenue will take over the task of child support enforcement. Why the Revenue Department? Because it has had spectacular success in collecting taxes over the past four years from the citizens of our State. I have no doubt that it will have the same success in ensuring that all fathers meet their moral and legal obligations to support their children. And we are going to give the department the tools it needs to do the job.

Under recently passed State legislation, automatic wage withholding will be required for most child support orders. I have filed legislation which would give the department similar powers to those it now uses to enforce the tax laws, including lien, levy, and seizure power; and the budget which I have submitted to the legislature requested an additional $13.5 million to help our Revenue Department do the job.

In addition to tougher enforcement, we must also ensure that the court-ordered support amount is sufficient to provide a decent standard of living. Uniform guidelines will soon be issued by our courts to require fair and equitable child support awards that better provide for the basic needs of the Commonwealth's children living in single-parent families.

Now, we have set some ambitious goals for ourselves. With adequate resources, greater enforcement power, and award guidelines in place, we hope to double the child support collections over the next three years.

That is our commitment in Massachusetts; but as you know, it is a commitment that Governors all across America—Republicans and Democrats alike—share as well. As Governors, we look forward to working with the Congress to make 1987 the year where we achieve meaningful welfare reform and thereby ensure that every citizen—and I mean every citizen—in every State or region of this country can build a future of hope and opportunity for themselves and for their families.

I suspect that you may want to hear from both Commission Commissioner Atkins and Commissioner Hedgersbeth on what they are doing, and perhaps Grady can give you a detailed sense of what we are doing on the enforcement side; and we will all be happy to answer any of your questions.

Senator **Moynihan**. We surely do. That is extraordinary testimony. Senator Daschle?

Senator **Daschle**. Thank you, Mr. Chairman. I am grateful to you for giving me the opportunity to ask a couple of questions. I also commend you for an eloquent statement. I am obviously pleased as well with the tremendous success you have had with the ET Program. The ET Program is a model, and I think it is a model that will be replicated in many parts of the country, as they continue to watch with increased interest the tremendous success you have had.

Since this hearing in particular was directed toward child support, if I could I would like to ask a couple of questions in that regard. For some reason, there appears to be difficulty on the part of many States to meet all of the requirements set out in the 1984 Child Support Law. One in particular is the requirement that withholding be used as a means by which more effective collection can be brought about.

There are 30 States that have fully met the wage withholding implementation requirement. You address that in your comments. I assume Massachusetts is soon going to be the thirty-first or the thirty-second. What has it been about wage withholding that has presented some problems for a State like yours?

Governor Kukakis. I don't know that it has been any particular problem. I don't know of anyone who seriously opposes it, except perhaps the fathers who are going to have their wages withheld. It took us longer than it should have to come up with the kind of system that we wanted; and the idea of having our Department of Revenue become the collection agency is one which I must say, in fairness, was not my idea.

It was the idea of one of our leading State Senators. He thought that, given the track record of our Revenue Department in our revenue enforcement efforts, that there was something to be said in the way of presenting it. I am not sure, Grady, that at the time the department was wild about accepting the additional responsibility; but they are doing it. And as of the 1st of July, we will watch that effort in the department, with full wage withholding and all of the other tools.

Now, having said that, Chuck's department has done a fine job in enforcement, and we are among the top ten States. I believe Grady could address that.

Senator **Daschle**. Yes. Mr. Hedgersbeth.

Mr. **Hedgersbeth**. I think, Mr. Chairman and Senator, that the attitude of the public really needs to be changed in a wholesale way about the obligations of responsible parenthood. I think when you look at an analogy that is very useful for us in helping to conceptualize this issue, one of taxation, one I am familiar with working with Commissioner Ira Jackson and increasing our voluntary compliance rate by over a billion dollars over the last three years.

I think it is very clear that for a long time our society has implicitly condoned such things as not supporting children, drunk driving, tax evasion. In Massachusetts, we have had a lot of success, at least in changing public attitudes on drunk driving and tax evasion; but if our tax system worked like child support, it would be the equivalent of our out of ten taxpayers not even bothering to file a tax return. And for those six taxpayers that do bother to file a return, half of them cheat. And that would be the analogy.

And one thing just really strikes home to me. The average in this country is about $2,300. Now, in many cases, that covers multiple children; that works out to just over $6.00 a day. It cost me more to kennel my dog today to come down here to Washington to speak to you.

So, I think we have a general belief in the population that fathers and mothers can abdicate the responsibility over their children. So, a lot of our thrust in taking over these responsibilities in revenue move toward educating the public through a widespread publication of the guidelines that are going to be promulgated by our court system that have a component of progressivity in them, that will finally allow us to go out and say to adults as well as juveniles—people in high school and junior high school—who have a disproportionately high propensity to have a child unwanted in our society, that if you have a child, you have got an 18-year commitment to this State and it is going to be the Revenue Department—the toughest enforcer in the State—that is going to hold you accountable for those responsibilities.

So, our thrust is going to have sort of the elements of the stick, the carrot, and the conscience. The stick is going to be tough enforcement, the same kind of tough enforcement that has helped us make a name in tax administration, a service that provides equal and professional treatment to nonwelfare mothers as well as welfare mothers and also gives absent fathers who are 90 percent of those who owe a child support order, a fair shake in dealing with a bureaucracy who understands that it means to have a significant financial commitment that has to be met every month.

But on the issue of wage withholding specifically, I think the notion of a conscience, that it is a moral and social obligation to pay child support, is going to help us tremendously in getting employers and the general public to understand why it is important to withhold wages right up front before there is a delinquency, before someone escapes the net of our collection methods, that there is no stigma to it. This is the basic guarantee and insurance policy that we can provide every kid in our Commonwealth.

I think when we start to move from this three-pronged attack, but especially focusing in on changing attitudes and making people understand their obligations, we are going to have a lot of success. And I think, in fact, the leadership of the chairman and this committee can be very instrumental in helping us to convey that message, that a responsible parent implies a financial responsibility that does not end with divorce, does not end when a relationship breaks up.

Senator **Daschle**. Let me, in the limited time that I may have left, just ask you with regard to the amendments of 1984, apparently 27 States have fully complied with all the requirements. That is roughly 55 percent; 45 percent have not. Do you view that kind of record, in view of the fact that that is now four years ago—or three years since its implementation—to be acceptable? Do you find that the requirements laid out in the 1984 amendments are impractical and may not be met by some of the States? And then finally, do you find that as a result of this record, that there needs to be in your view greater Federal enforcement? And if so, what kind of enforcement mechanisms by the Federal Government would you recommend?

Governor **Dukakis**. Tom, let me address the first part of your question and then throw it back to Grady to see if he has some more specific ideas about how you can help us to do an even better job than we expect and hope to do.

I don't think there is anything about the 1984 Act which is inherently flawed or anything else. In fact, I think we needed the prod from you, and I want to say that as emphatically as I possibly can. I can't speak for the other 49 States. Why did it take us longer in Massachusetts to finally come up with what we now think is a very solid, strong Revenue Department based plan? Well, the courts are involved. The courts tend to be a somewhat independent—let me strike somewhat—they are an independent branch of Government.

They have their own ideas about how to deal with these things. I am sure every State is different, but I am not in a position to order courts to do things. You have to bring the judiciary in; they have got to be a part of that. It took a while for us to be able to work out an understanding with our judges and with the chiefs of our judicial system that uniform guidelines applying to all courts would be promulgated, and those guidelines would provide for reasonable levels of support. Even with those guidelines—knowing the courts as I do—I am sure there will be some judges that will be tougher than others. Some judges will insist on higher support levels than others. I mean, they are human beings; they each have their own approach on how you deal with these things.

And bear in mind that when you are dealing with child support issues, as I am sure both of you know, you are dealing with one of the most difficult issues imaginable. I mean, back in my lawyering days, I occasionally had a domestic relations case. They were as difficult, as frustrating, at times as undesirable from the lawyer's standpoint as you can imagine. Sometimes you were a lawyer; sometimes you were a social worker. And I am sure judges feel that way all the time.

So, you are not dealing with an easy relationship here. But I don't think the fact that the States have moved somewhat more slowly than you would have liked should deter you, or Senator Moynihan, or the members of Congress from not only insisting that we follow through on your mandate, which was a sound mandate, but in asking us as you have just now whether there are other things that you think might be helpful to us as we begin to move.

And Grady has some ideas which I think he would like to communicate to you.

Mr. **Hedgespeth**. I think the one area that is especially important, Senator, to understand the need of the States for more assistance, and I would like to commend the staff and the Human Services Secretary especially and Mr. Stanton, who is the head of the Office of Family Assistance, for giving a lot of support to the States.

But there is one fact that remains. Thirty percent of absent parents do not reside in the State where their families reside. And that truth presents tremendous problems in border areas. Mr.

Chairman, in lower State New York, down in the New York City area, it is part of the reason why it is so difficult to collect on behalf of many cases, because you are dealing with New York, New Jersey, Connecticut, the surrounding States. Massachusetts has six bordering States; we have very similar problems.

And there is the need for continued Federal support in this area which the Office of Family Assistance has moved very instrumentally in underwriting and supporting the IRS and the Social Security Administration to assist in location of parents out of State; but I can see the day when there will be a tremendous greater need for coordination to be really started at the Federal level so that there is every bit as good a chance for an interstate case to be collected successfully as there is for an in-State case to be collected.

Senator **Moynihan**. Yes.

Senator **Daschle**. Thank you, Mr. Chairman.

Senator **Moynihan**. Thank you, sir. Governor, that was extraordinary testimony, and you can see the outpouring of persons wanting to record it on film, if nothing else.

I want to say that, it seems to me, that you have in Massachusetts the possibility of repeating in the area of child support what you have done in the area of work experience. You have shown the country, and Mr. Atkins has done such a brilliant job. It is just the kinds of things you have described that can be done if you know what it is you are trying to do and you start thinking. I mean, what is the real-life situation of the mother? If she gets a job, her health insurance disappears. Will you risk your kids' health so you can get out of the house? You know, I mean that kind of thing.

You mentioned the need for matching provisions in the act of getting out of the dependency mode as against the existing matching grant to stay where you are.

Governor **Dukakis**. Right.

Senator **Moynihan**. When you get back, maybe the Commissioner could put together a memo for the committee on some specifics. You know, you have been there.

Governor **Dukakis**. Let me pose the problem to you, and then I will ask Chuck to do that. Within the past few weeks, I have asked the Commissioner to see if it might not be possible, now that we have the system up and running—the caseload has not only stabilized; it is coming down—you heard the statistics on the dramatic reduction on stay on welfare—all of which is related, we are convinced to ET and what is has done.

I asked him to see, now that we are up moving and doing well, if we couldn't say take $50 million out of our existing Medicaid and AFDC appropriations, plow that $50 million into ET, make it possible for several thousand more people to leave welfare for good, meaningful, and decent jobs, at no net cost to the Commonwealth.

He hasn't given me his final answer, but I suspect he is going to come back to me and say: I have a problem. That $50 million is only worth $25 million if we put it into employment and training because there is no Federal match.

Now, we could save you money and ourselves money and help thousands of families to build a new future for themselves if we simply had an equal match for the funds we put into employment and training. As you know, the Governors are suggesting an ever larger match so that there is an even greater incentive on the part of the States to do these kinds of things—I think 70/30 as opposed to 50/50. So, we state clearly that as a matter of legislative policy, if anything, we want to see the States doing more of the ET type programs.

Senator **MOYNIHAN**. An active effort?

Governor **DUKAKIS**. Yes.

Senator **MOYNIHAN**. If you could get that analysis, whenever you want to send it, we would appreciate it very much. Could I just ask Mr. Hedgersbeth two things. One is you are going to have uniform guidelines on child support; have you worked them out yet?

Mr. **HEDGERSBETH**. There is a draft that has been prepared by the trial court. I assisted in the effort in formulating those. They hinge at about a 25 percent amount of gross income, and it does depend on how much the custodial spouse makes, but you might as well say between 20 and 25 percent is the expectation level that our guidelines will have of absent parents.

Senator **MOYNIHAN**. So, you will let this committee know when you make your decision? We would want to know when it is.

Mr. **HEDGERSBETH**. Yes.

Senator **MOYNIHAN**. But your point, as I take it—and the Governor's point obviously—is that the child support is a responsibility in the same way that tax is a responsibility. I mean, you assume that when you are a member of this community; there are some things you have to do. Collecting taxes wasn't always easy, but we have gotten to the point where the normal, average citizen expects to do it and expects others to do it. And you are trying to take that same kind of expectation to the area of child support. You make that striking proposition that if we were talking about taxpayers, we would have a situation where four of ten avoid taxes all together and three cheat, which would not be your idea of a satisfactory revenue rate.

Mr. **HEDGERSBETH**. No, sir.

Senator **MOYNIHAN**. And is that the basic idea?

Mr. **HEDGERSBETH**. That is absolutely the point, and we are very much looking at this, very similar to a tax obligation, a tax enforcement strategy in that we have a system of taxation that hinges on voluntary compliance. We cannot hope to audit everyone; we cannot hope to pursue everyone. And very similarly, I think if we change attitudes and put out there an expectation that this is what happens with parenthood, that we will be able to focus in more and more on the remaining few who decide that they want to shirk their obligations.

Senator **MOYNIHAN**. Could I make a quick speech? And then I will be done. Mr. Hedgersbeth has just said something fundamentally important. It was a great Massachusetts yankee who said: "Taxes are the price we pay for civilization." And the most important thing to know about the American tax system is that it is voluntary. We are the only nation I know of that collects its income taxes from persons who make out their own returns. They sit down, and the citizen says how much do I owe, and they send it in.

You know, we always hear what grand subjects the British are, but the Queen sure as hell doesn't trust her subjects to decide how much tax they owe there. The Inland Revenue makes out your income tax in Britain, and they send you the bill. And if you have a disagreement, you can go to court for 30 years. Now, this country is different. We are different; we pay the taxes which our representatives levy because we think we ought.

You obviously know this because this is your profession, but every year the IRS does a sample of tax returns to see how people are doing. And it is really remarkable. About 80 percent of the people get it right; 10 percent pay a little less than they should; and 10 percent pay a little more than they should. And there is always a little bit here on the edge of people who are on the verge of criminality—very few.

And if that sense of voluntarily assumed obligation, which is the mark of the citizen, could be transferred to child support, we would really have changed our way of looking after each other, wouldn't we?

Governor **Dukakis**. Could I make a comment, please, Mr. Chairman?

Senator **Moynihan**. Please, sir.

Governor **Dukakis**. And you and I have talked about this. Tax compliance nationally in this country, however, is getting to be a scandal as well. The tax compliance rate, as both of you know because you have both been deeply involved in this, has dropped from about 94 percent to 80 percent in the past 20 years. And you know the current IRS estimates of lost revenue—about $110 billion a year. So, just to follow up on my response to Senator Daschle's question, I think one of the problems, Tom is that we have begun to get kind of lax generally.

We certainly did in Massachusetts. Four years ago, nobody would have seriously proposed, Mr. Chairman, that the Department of Revenue get any additional responsibility. And it has only been because of the work we have done over the past four years that we now have decided to do that; but the general sense that these things aren't quite that important and you don't have to go out there and do the enforcement job is one that is affecting our tax system in this country, as well as child support enforcement.

And I think what you are seeing here, thanks to the leadership of some States, and especially to the kind of leadership you are providing, is a very significant change in public attitudes. These rules are supposed to apply to everybody—not just some people—and particularly the people who have a moral and legal responsibility to support their children. And I think we are going to have to keep working hard on the tax side, as well as the enforcement side.

Senator **Moynihan**. We are talking in the broad sense about citizenship.

Governor **Dukakis**. Yes, we are. I will say this, however. I don't think there is anything that I have done as Governor in the past four years that has been as popular—interestingly enough—as insisting that everybody, not just most people, pay their taxes.

And I have no doubt that, if anything, this will be even more popular because it is something which the vast majority of our citizens believes very strongly; and we are going to do our best to try and get on that.

Senator **Moynihan**. That is remarkable.

Senator Durenberger, good morning, sir. We welcome you for any comments you might wish to make or any questions.

Senator **Durenberger**. I do have an opening statement which I would just ask be included in the record. I would also like to add my compliments to those whom I presume preceded my arrival here. I want to thank the Governor of Massachusetts for a couple of things. He has been very helpful to us over the last several years in working on child support. I hope he said something nice about my state, Minnesota where a lot of the work was pioneered on child support enforcement. Again, I want to compliment him for reminding us of the values that are behind this sort of activity and of everyone taking a greater sense of responsibility for their actions. These are not things that the Government should have to impose. People would do it themselves if they knew everyone else was doing the same thing. We have framed these values in terms of policies, and I think we are certainly on the right track.

Senator **Moynihan**. We thank you very much. We don't want to hold up the Commonwealth's progress any longer. We appreciate your testimony. We really feel very strongly about what you are doing.

Governor **Dukakis**. We will get back to you with those guidelines and also with an analysis of the employment and training program.

Senator **Moynihan**. We would appreciate that very much. Thank you again, Governor.

Governor **Dukakis**. Thank you very much.

Mr. **Hedgersbeth**. Thank you.

Mr. **Atkins**. Thank you.

[The prepared statement of Governor Dukakis follows:]

STATEMENT OF GOVERNOR MICHAEL S. DUKAKIS
BEFORE THE
SENATE FINANCE SUBCOMMITTEE
ON SOCIAL SECURITY AND FAMILY POLICY
FEBRUARY 20, 1987

THANK YOU FOR THIS OPPORTUNITY TO TESTIFY BEFORE YOU TODAY AS YOUR SUBCOMMITTEE CONTINUES ITS LOOK AT THE CURRENT WELFARE SYSTEM. THIS HEARING COMES AT A PARTICULARLY GOOD TIME, BECAUSE WELFARE REFORM IS AT THE TOP OF THE GOVERNORS' AGENDA, TOO -- WHICH IS WHERE IT SHOULD BE.

ONE AREA WHERE I'M PROUD TO SAY THE STATES OF THIS NATION HAVE DEMONSTRATED REAL INITIATIVE AND REAL LEADERSHIP IS IN THE AREA OF WORK AND WELFARE. IN ADDITION TO OUR ET CHOICES PROGRAM IN MASSACHUSETTS, MANY STATES ARE MAKING GREAT STRIDES IN HELPING FAMILIES ON PUBLIC ASSISTANCE TO LIFT THEMSELVES OUT OF POVERTY AND DEPENDENCY AND BECOME INDEPENDENT, WAGE-EARNING, SELF-SUFFICIENT CITIZENS. AND THERE IS A STRONG BIPARTISAN CONSENSUS ON WHAT WORKS AND WHAT DOESN'T WORK.

IN MY FIRST TERM AS GOVERNOR, I LEARNED THE HARD WAY WHAT DOESN'T WORK. AS OUR UNEMPLOYMENT RATE DROPPED FROM NEARLY TWELVE PERCENT TO LESS THAN SIX PERCENT OVER THAT FOUR YEAR PERIOD, THE NUMBER OF MASSACHUSETTS FAMILIES ON AFDC WENT UP. TRY AS WE MIGHT, WE FOUND THIS PHENOMENON IMPOSSIBLE TO UNDERSTAND OR REVERSE. SO, LIKE MOST GOVERNORS, I HAD MY OWN FLING AT WORKFARE. AND, LIKE MOST GOVERNORS WHO TRIED WORKFARE, I FAILED.

RETIRED INVOLUNTARILY FROM THE GOVERNOR'S OFFICE IN 1978, I HAD TIME TO THINK ABOUT WHY I FAILED AND WHY A SIMILAR EXPERIMENT BY MY SUCCESSOR FAILED. AND I THINK THE ANSWER, QUITE SIMPLY, LIES IN THE FACT THAT THE OVERWHELMING MAJORITY OF FAMILIES ON WELFARE IN THIS COUNTRY ARE MADE UP OF SINGLE MOTHERS WITH YOUNG CHILDREN. UNLESS, THEREFORE, WE WANT OR EXPECT THESE MOTHERS TO ABANDON THEIR CHILDREN FOR DEAD-END OR MAKE-WORK JOBS, WHICH, INCIDENTALLY, MAKE THEM INELIGIBLE FOR HEALTH BENEFITS FOR THEMSELVES AND THEIR CHILDREN, SUCH PROGRAMS ARE DOOMED TO FAILURE.

ET IS DIFFERENT BECAUSE IT SAYS TO THESE MOTHERS: WE'RE SERIOUS; WE WANT TO HELP YOU LIFT YOURSELVES OUT OF THE HOPELESSNESS OF DEPENDENCY; AND WE'RE PREPARED TO PROVIDE DAY CARE, REAL TRAINING FOR REAL JOBS, AND CONTINUED MEDICAL BENEFITS FOR UP TO A YEAR AFTER YOU FIND A JOB IF YOUR EMPLOYER DOES NOT PROVIDE YOU WITH HEALTH INSURANCE.

THOSE THREE ELEMENTS -- CHILD CARE, REAL TRAINING FOR REAL JOBS, AND HEALTH BENEFITS FOR SOME TIME AFTER A WELFARE MOTHER GOES TO WORK -- HAVE MADE THE DIFFERENCE. AND WHEN WE SAY REAL TRAINING FOR REAL JOBS, WE MEAN IT. IF THOSE DOING THE TRAINING DON'T PLACE THE ET GRADUATE IN A REAL JOB, THEY DON'T GET PAID.

THE PROOF OF THE PUDDING IS IN THE EATING. OVER 30,000 PEOPLE ON PUBLIC ASSISTANCE HAVE OBTAINED UNSUBSIDIZED FULL OR PART-TIME JOBS THROUGH ET, AND THE OVERWHELMING MAJORITY OF THEM HAVE BEEN IN THE PRIVATE SECTOR. IN FACT, MORE THAN 8,000 EMPLOYERS HAVE HIRED ET GRADUATES -- AND DOZENS OF THESE EMPLOYERS HAVE TOLD ME PERSONALLY HOW PLEASED THEY ARE WITH THEIR NEW EMPLOYEES.

SOME OF YOU MAY HAVE READ A RECENT WALL STREET JOURNAL ARTICLE DISPUTING THE SUCCESS OF OUR ET PROGRAM. THE ARTICLE IS DEAD WRONG. SINCE ET BEGAN, OUR CASELOAD HAS GONE DOWN, NOT UP. AND IT HAS GONE DOWN EVEN THOUGH WE HAVE INCREASED WELFARE BENEFITS AND, THEREFORE, THE STANDARD OF NEED, BY MORE THAN 32% IN THE PAST FOUR YEARS.

NOT ONLY HAS THE OVERALL CASELOAD GONE DOWN, BUT SO HAS THE LENGTH OF TIME FAMILIES ON AFDC ARE STAYING ON WELFARE IN MASSACHUSETTS. SINCE ET BEGAN, THE AVERAGE LENGTH OF STAY OF AFDC HAS DECREASED BY 23%. BEST OF ALL, THE NUMBER OF FAMILIES ON AFDC FOR FIVE YEARS OR MORE HAS BEEN REDUCED BY 25%; AND THE NUMBER OF TWO-PARENT FAMILIES ON AFDC HAS BEEN CUT IN HALF.

FINALLY, OUR TAXPAYERS ARE BENEFITTING FROM ET AS WELL. WE ESTIMATE THAT LAST YEAR, AFTER DEDUCTING THE COSTS OF THE PROGRAM, ET SAVED OR GAINED OVER $100 MILLION IN FEDERAL AND STATE WELFARE SAVINGS AND NEW REVENUES FROM THE TAXES BEING PAID BY OUR ET GRADUATES.

THESE STATISTICS ARE IMPRESSIVE, BUT THEY DO NOT TELL THE WHOLE STORY. FOR IT IS THE HUMAN FACE OF ET WHICH SO ELOQUENTLY DOCUMENTS ITS SUCCESS. THE NEW FOUND FEELINGS OF SELF ESTEEM AMONG OUR ET GRADUATES; THE SENSE OF INDEPENDENCE THAT COMES WITH GETTING A PAYCHECK INSTEAD OF A WELFARE CHECK. THE WOMEN WHO HAVE FOUND JOBS THROUGH ET SPEAK PASSIONATELY ABOUT THE WAY THEIR LIVES AND THEIR CHILDREN'S LIVES HAVE CHANGED. AS ONE OF OUR FIRST ET GRADUATES, DORIS PINEO, RECENTLY WROTE TO ME, "HOW DO YOU SAY THANK YOU TO SOMEONE WHO HAS GIVEN YOU A WILL TO LIVE AND HELPED YOU GAIN BACK YOUR SELF-RESPECT?"

THE TIME HAS COME FOR MEANINGFUL NATIONAL WORK AND WELFARE REFORM LEGISLATION -- LEGISLATION THAT COULD BUILD A STRONG PARTNERSHIP BETWEEN WASHINGTON AND THE STATES. YOU, SENATOR MOYNIHAN, HAVE PROVIDED GREAT LEADERSHIP ON THIS ISSUE. AND THE WORK OPPORTUNITIES AND RETRAINING COMPACT (WORC), WHICH YOU AND YOUR COLLEAGUES -- INCLUDING MY HOME STATE SENATORS, TED KENNEDY AND JOHN KERRY -- SPONSORED LAST YEAR WOULD GO A LONG WAY TOWARD ACCOMPLISHING ON A NATIONAL SCALE WHAT ET HAS ACHIEVED IN MASSACHUSETTS.

PROVIDING GENUINE EMPLOYMENT OPPORTUNITIES TO PEOPLE ON PUBLIC ASSISTANCE, HOWEVER, IS ONLY ONE PIECE OF THE WELFARE PUZZLE. BECAUSE IF WE'RE SERIOUS ABOUT DOING SOMETHING ABOUT POVERTY IN THIS COUNTRY, WE HAVE TO ATTACK THOSE BARRIERS TO OPPORTUNITY WHICH FOR TOO MANY AMERICANS MEAN A LIFETIME OF DEPENDENCY AND DESPAIR.

AS YOU MAY KNOW, UNDER THE LEADERSHIP OF BILL CLINTON, THE NATIONAL GOVERNORS ASSOCIATION IS UNDERTAKING A MAJOR EFFORT TO BRING DOWN THESE BARRIERS TO OPPORTUNITY: INADEQUATE CHILD SUPPORT, TEEN PREGNANCY, ADULT ILLITERACY, SCHOOL DROPOUTS, AND DRUG AND ALCOHOL ABUSE. IN FACT, OUR MID-WINTER MEETING THAT BEGINS TOMORROW WILL BE DEVOTED ALMOST EXCLUSIVELY TO THIS EFFORT.

IN THE MEANTIME, MANY OF US HAVE ALREADY LAUNCHED AGGRESSIVE CAMPAIGNS TO BRING DOWN THESE BARRIERS IN OUR OWN STATES. ONE OF THOSE BARRIERS IS CHILD SUPPORT ENFORCEMENT.

AS YOU RECOGNIZED LAST MONTH WHEN YOU OPENED THIS SERIES OF HEARINGS, CHILD SUPPORT IS A CRITICAL ELEMENT IN ANY ATTACK ON THE PROBLEM OF WELFARE DEPENDENCY, AND FOR OBVIOUS REASONS. SINCE THE OVERWHELMING MAJORITY OF FAMILIES ON WELFARE ARE WOMEN WITH CHILDREN, MOST OF THEM ARE ON PUBLIC ASSISTANCE BECAUSE THE ABSENT FATHER HAS ABANDONED THE CHILDREN AND PAYS LITTLE OR NO SUPPORT.

IT IS TIME TO SAY TO THESE FATHERS THAT THE DAYS WHEN THE TAXPAYERS OF THIS COUNTRY WERE PREPARED TO ASSUME YOUR RESPONSIBILITY TO SUPPORT YOUR CHILDREN ARE OVER. YOU HAVE A RESPONSIBILITY TO THAT CHILD AND ITS MOTHER; AND IF WE HAVE TO GO AFTER YOU AND YOUR WAGES TO ENSURE THAT YOU UNDERSTAND WHAT YOUR RESPONSIBILITY IS, WE'LL DO IT.

SO IF WE ARE TO BRING DOWN THIS BARRIER TO OPPORTUNITY FOR THE MILLIONS OF CHILDREN LIVING IN SINGLE-FAMILY HOUSEHOLDS, WE MUST DEVELOP A CHILD SUPPORT SYSTEM THAT ENABLES ALL WHO QUALIFY FOR CHILD SUPPORT TO GET IT AND ENSURES THAT THE SUPPORT IS SUFFICIENT TO GUARANTEE A DECENT STANDARD OF LIVING. WE OWE IT TO THE NATION'S CHILDREN -- AND TO ITS TAXPAYERS.

BEFORE TELLING YOU ABOUT WHAT WE'RE DOING IN MASSACHUSETTS, I WANT TO PRAISE THE CONGRESS AND THE ADMINISTRATION FOR THE LEADERSHIP ROLE THEY HAVE TAKEN ON THE ISSUE OF CHILD SUPPORT. THE 1984 CHILD SUPPORT AMENDMENTS, WHICH WERE PASSED ON AN OVERWHELMINGLY BIPARTISAN BASIS, WERE DESIGNED TO ENCOURAGE STATES TO TACKLE CHILD SUPPORT ENFORCEMENT AGGRESSIVELY AND EFFECTIVELY. THAT IS PRECISELY WHAT WE INTEND TO DO IN MASSACHUSETTS.

MASSACHUSETTS ALREADY DOES A GOOD JOB COLLECTING CHILD SUPPORT. WE RANK AMONG THE TOP TEN OVERALL IN CHILD SUPPORT COLLECTIONS, AND OUR WELFARE DEPARTMENT IS AMONG THE LEADERS IN COLLECTING CHILD SUPPORT ON BEHALF OF WELFARE CLIENTS. YET, DESPITE OUR SUCCESS, OVER $100 MILLION IN CHILD SUPPORT PAYMENTS GO UNCOLLECTED IN THE COMMONWEALTH.

TOUGHER COLLECTION EFFORTS, A MORE EQUITABLE PAYMENT SYSTEM AND A COMMITMENT TO SERVE ALL CHILDREN LIVING WITH ONE PARENT -- NOT JUST THOSE ON AFDC -- ARE THE KEY ELEMENTS OF OUR ASSAULT ON THE CHILD SUPPORT BARRIER.

BEGINNING JULY 1, OUR DEPARTMENT OF REVENUE WILL TAKE OVER THE TASK OF CHILD SUPPORT ENFORCEMENT. WHY THE REVENUE DEPARTMENT? BECAUSE IT HAS HAD SPECTACULAR SUCCESS IN COLLECTING TAXES OVER THE PAST FOUR YEARS -- AND ENORMOUS CREDIBILITY. I HAVE NO DOUBT THAT IT WILL HAVE THE SAME SUCCESS IN ENSURING THAT ALL FATHERS WILL MEET THEIR MORAL AND LEGAL OBLIGATIONS TO SUPPORT THEIR CHILDREN.

AND WE ARE GIVING THE DEPARTMENT THE TOOLS IT NEEDS TO DO THE JOB. UNDER RECENTLY PASSED STATE LEGISLATION, AUTOMATIC WAGE WITHHOLDING WILL BE REQUIRED FOR MOST CHILD SUPPORT ORDERS. I HAVE FILED LEGISLATION WHICH WOULD GIVE THE DEPARTMENT SIMILAR POWERS TO THOSE IT NOW USES TO ENFORCE THE TAX LAWS, INCLUDING LIEN, LEVY, AND SEIZURE POWER. AND THE BUDGET WHICH I HAVE SUBMITTED TO THE LEGISLATURE REQUESTS AN ADDITIONAL $13.5 MILLION DOLLARS TO HELP OUR REVENUE DEPARTMENT DO THE JOB.

IN ADDITION TO TOUGHER ENFORCEMENT, WE MUST ALSO ENSURE THAT THE COURT-ORDERED SUPPORT AMOUNT IS SUFFICIENT TO PROVIDE A DECENT STANDARD OF LIVING. UNIFORM GUIDELINES WILL SOON BE ISSUED BY OUR COURTS TO REQUIRE FAIR AND EQUITABLE CHILD SUPPORT AWARDS THAT BETTER PROVIDE FOR THE BASIC NEEDS OF THE COMMONWEALTH'S CHILDREN LIVING IN SINGLE PARENT FAMILIES.

WE HAVE SET SOME AMBITIOUS GOALS FOR OURSELVES. WITH ADEQUATE RESOURCES, GREATER ENFORCEMENT POWER, AND AWARD GUIDELINES IN PLACE, WE HOPE TO DOUBLE CHILD SUPPORT COLLECTIONS OVER THE NEXT THREE YEARS.

THIS IS OUR COMMITTMENT IN MASSACHUSETTS. BUT, AS YOU WELL KNOW, IT IS A COMMITTMENT THAT GOVERNORS ALL ACROSS AMERICA -- REPUBLICANS AND DEMOCRATS ALIKE -- SHARE AS WELL. AND, AS GOVERNORS, WE LOOK FORWARD TO WORKING WITH THE CONGRESS TO MAKE 1987 THE YEAR WE ACHIEVE MEANINGFUL WELFARE REFORM AND THEREBY ENSURE THAT EVERY CITIZEN IN EVERY STATE AND REGION OF THIS NATION CAN BUILD A FUTURE OF HOPE AND OPPORTUNITY -- FOR THEMSELVES AND THEIR FAMILIES.

Senator MOYNIHAN. We now welcome the Federal official who is the administrator of the Family Support Administration and the Director of the Office of Child Support Enforcement, a distinction I have not always fully understood, but the distinction and reputation of the gentleman involved precedes him.

I am going to have to ask, owing to the long and very distinguished group of people we are going to hear from, that witnesses keep their testimony to ten minutes and we will try to keep our questions to five minutes.

Mr. Stanton, we welcome you, sir.

Mr. STANTON. Thank you, Mr. Chairman.

Senator MOYNIHAN. And all statements will be put in the record in full.

STATEMENT OF WAYNE A. STANTON, ADMINISTRATOR, FAMILY SUPPORT ADMINISTRATION AND DIRECTOR, OFFICE OF CHILD SUPPORT ENFORCEMENT

Mr. STANTON. Thank you, Mr. Chairman, members of the committee. I do have a statement, which I will submit to you for the record. I would also like to make a few comments this morning for just a few minutes about child support.

I am really pleased, first of all, to be here with you today to talk with you about this very significant subject. I think it is a critical problem that is dramatically affecting, and some say critically affecting, and threatening the very family life of our country. More and more parents all the time are simply not supporting their children.

This failure very frequently results in a life of welfare. Ninety percent of all AFDC cases are because of divorce, legal separation, desertion, and unwed mothers. Child support activities are a relevant and related part to all of those kinds of cases. You and your colleagues in Congress—and I appreciate the fact very much—passed what I consider to be a significant piece of landmark legislation in 1984 when you unanimously voted for the child support amendments.

And I would like to just point out that those amendments deal with the biggest single cause of welfare dependency. I think they deal quite fairly with them, and I support all of those aspects of the law. One aspect of the law relates to Senator Daschle's previous question about the implementation status in the States.

The law made provisions for the States to pass those new Federal requirements before the end of their next session of the legislature. Some States are just now getting around to passing the laws they have to in order to comply with those provisions. So, there were built-in delays for the States; and some of the States acted more quickly than did other States.

I want to assure you, however, that we are pressing the States very aggressively for full compliance because we support it. Thirty-one States have certified that they are now using all mandatory enforcement techniques. Thirty-three States have certified that they are using automatic wage withholding. Thirty-seven States have certified that they are using the State tax income offset, and you will recall that ten States do not have a State income tax.

Thirty-eight States have certified that they are using expedited processes to establish and enforce support orders. Thirty States have now established child support guidelines for judges. And I am very, very happy to point out that, of those 30, 16 States are using those guidelines as final decisions unless there is evidence presented that proves an inequitable result because of those guidelines.

Some of the initiatives that the Family Support Administration of the Department of Health and Human Services taking are as follows. Secretary Bowen has created the Family Support Administration and has linked those programs that have a direct cause and effect relationship, such as AFDC and child support. We believe that there is room, and that there has been room all the time, for better coordination and interfacing between these significant programs.

As was mentioned here earlier by both the witnesses that preceded me, medical care is a critical problem for most people. One of the advantages of the 1984 amendments is a requirement that the AFDC case workers ascertain information from the applicants about the absent parent's employer so that the dependent children can be covered if possible, by the absent parent's insurance policy. And that, then, would provide continuing medical coverage if AFDC recipients should obtain employment and go off the welfare roles. So, in our contact with the States we stress that they should proceed with that inquiry.

The law requires the AFDC applicant to fully cooperate in providing information about the absent parents, usually fathers, as a condition of eligibility for AFDC. We think that this is so important that we are reorganizing our Family Support Administration regional offices throughout the nation so that staff from the 50-year-old AFDC program, as Mr. Chairman advised earlier, can work more effectively on a critical problem today, and that is child support.

Many of our regional offices had 40 to 50 staff working in AFDC and only seven, eight, or nine staff working in child support; we think that is a totally unbalanced arrangement. And I often kiddingly say that AFDC is 50 years old—if the States don't know how to administer it now, they never will learn. We have a more critical kind of concern and that is to administer a newer, more critical kind of program, and that is child support.

We are building public awareness for these programs and activities in every way we possibly can, in education pamphlets and in discussions with the business community. And I would say generally the business community has been most receptive to child support activities, along with labor and with elected officials of all kinds.

The Secretary and I have communicated with all Governors and all State officials, pointing out to them where they need to make added improvements in their program and where they are deficient in their programs. We have been pressing the States all the time, not only to establish the laws that they need to be in compliance, but also now that they have established the laws, to implement them forthwith.

To make sure of compliance with the law, we are going to conduct program reviews in each of the 50 States this year. And I have fully advised all the people concerned that we will be doing these reviews, and we will be checking to see if the States are in compliance with their own laws and with the Federal law on this subject.

We have taken action by notifying six States that approval of their child support plan, which is necessary as a condition of receiving Federal funds, is in jeopardy because they have not implemented the laws as required, and the time has run with respect to their legislative sessions.

Also, we have sent eight States penalty letters for noncompliance, the first time it has ever happened in this area; and I would say that the law that you gentlemen and ladies passed provides for this activity. We take that responsibility very, very seriously, since that penalty can run from a one to five percent reduction in their AFDC funds for noncompliance.

We have been telling the States that if they submit a corrective action plan to us and then implement that corrective action plan and correct their deficiencies within a specified time frame, we will forgive the penalty situation.

We are not interested in the dollars as such; we are interested in the improvement of the activity of the program.

Moving along, I would speak to the efforts to improve—as was mentioned earlier—the interstate enforcement of child support. Nearly one-third of our cases involve interstate activities.

Senator MOYNIHAN. One-third?

Mr. STANTON. Almost one-third, Senator. We have issued proposed regulations, and the comment period has expired. We will be publishing new regulations on this subject either next month or, certainly, by the first of April. Regulations would require States to develop a central registry to record interstate requests coming to them and start the clock running with respect to time frames, to expedite and provide for those services required by the 1984 amendments.

We will also be extending the parent locator service as a hub linking regional networks together. I think 40 States are participating in interstate grants, including computerization development programs, or just working with interfacing with other States. We have also developed, Mr. Chairman, a system with judges and prosecutors. We now have a set of forms to be used by all States, all judges, all prosecutors. This is a set of forms that they have all agreed to, and they will be put into effect the 1st of March. They have been mailed out to the States and to the judges and courts involved.

We have a variety of legislative proposals, Mr. Chairman. My time is about expired, but I would like to say that our legislative programs are directed toward increased efficiencies in child support, by continuously bringing to the States' attention that it is in their best interest to do a better job of child support activities.

I will not dwell on that especially. I would say in conclusion, there has been an increase in collections of 91 percent since 1982. We think this is very significant. The rate of increase last year was 21 percent, which I think begins to suggest the effectiveness of the child support amendments of 1984. I want to assure you that I am optimistic about the future. I think the other States will do better in this area; because we will be hounding them—we will be giving them comparisons with other States—and I want to assure you that we can do much, much more.

The percentage of AFDC payments that are collected in child support is still in a single-digit category, whereas it could be many multiples beyond the single digit. We expect States to reach those kind of levels in the near future.

I have set goals in our own department of at least doubling the rate of increase in the next year and doubling thereafter. And I would say that is easily done. Idaho is recovering 25 percent of their AFDC payments in child support collections. Utah is getting 23 percent back; Indiana, 20 percent; so we are not asking for the impossible.

I think it is very easy to accomplish goals in this area and the benchmarks are up there for States to meet. Thank you very much, Mr. Chairman.

Senator Moynihan. Thank you, sir. Thank you indeed. We should say that again: One-third of all the parental support cases involve crossing State borders.

Mr. Stanton. That is correct.

Senator Moynihan. That suggests a Federal role at the minimum. Senator Daschle?

Senator Daschle. Thank you again, Mr. Chairman. Mr. Stanton, at what point in the future do you believe all States will be in compliance with all eight requirements of the 1984 amendments?

Mr. Stanton. I think the end of this year.

Senator Daschle. The end of this year?

Mr. Stanton. Yes, I do. I think the States realize, and the Governors realize—and as Governor Dukakis said—the Governors' authority with respect to the judiciary is rather sensitive, and I think this will be involved in some of the activities. But I do expect all the States to pass the necessary legislation.

Senator Daschle. And that includes mandatory wage withholding?

Mr. Stanton. Yes, it does. I think that businesses have been somewhat reluctant, Senator, to suggest that the States put that into effect. And you know, some businesses still operate on the premise that if you get garnisheed—and this is considered a garnishment—it costs you your job.

I have had people come to me and say: Mr. Stanton, I have a support order against me issued by a court. My employer has threatened to fire me; and I have indicated to them that the law does not allow them to be dismissed for this reason any more. That is also in the 1984 amendments.

Senator Daschle. You mentioned that you had the option with regard to Federal enforcement with each State that is utilizing a one to five percent AFDC penalty. Have you used that yet?

Mr. Stanton. We have assessed a penalty in eight States, and there are three more letters to go out that assess a penalty at one percent of their AFDC funds. In some States, that penalty amount has been as high as $150,000 a month.

Senator Daschle. Implementing that penalty, what kind of response from the States has that brought about?

Mr. Stanton. We sent copies to the State administrator, and the Governor got a copy in each State. These States are replying with corrective action plans and have suggested they are going to comply and have asked for time to comply and indicated complete cooperation.

Senator DASCHLE. And with that request for an opportunity to comply, do you then withdraw the penalty?

Mr. STANTON. We withhold the penalty during that period.

Senator DASCHLE. It would seem that the one to five percent penalty appears to be a practical solution to enforcement.

Mr. STANTON. Senator, I suspect that without that penalty, not very much would happen in this law.

Senator DASCHLE. The only concern I have always had about the withdrawal of Federal funding for a given program is that the ultimate victim of that kind of pressure is the recipient. Do you find where that has been used—in the seven cases did you say?

Mr. STANTON. It has not been used. I would say——

Senator DASCHLE. Let me clarify that question. You said there were seven States——

Mr. STANTON. Eight States have received it so far. There are three more letters to go out.

Senator DASCHLE. And the actual implementation has been put in place in one State?

Mr. STANTON. We have not withheld any money.

Senator DASCHLE. You have not withheld any money?

Mr. STANTON. That is right.

Senator DASCHLE. Just the threat of withholding the money has brought about compliance?

Mr. STANTON. That is right. We give them a certain number of days to submit a corrective action plan. They have responded favorably by submitting a corrective action plan. We have told them in the letter exactly where the faults or deficiencies were. This law requires substantial compliance with all aspects of this law—establishing paternity, expediting establishment and enforcement of support orders over a certain period of days, and time frames for activities.

And where they are below those, with a detailed field audit done by our audit staff, we pointed out exactly what the statistics are and said where they were deficient. And we asked that those deficiencies be corrected. And then, we will measure them at the end of the corrective action period to see if they are corrected.

Senator DASCHLE. I don't cite the problem as I have with the victims as a cause for not utilizing the "stick" that you use in imposing some penalty. But is it your experience that in situations like this, that ultimately if funds are withheld, that that is passed through to the recipients of whatever program we are addressing?

Mr. STANTON. Senator, let me answer your question this way. It is impossible to quantify that because no penalty has ever been assessed. There has been the threat of a penalty in the AFDC program for years and years; but the error rate, because of the threat of that penalty, has dropped from 16.5 percent to six percent. And whenever a moratorium was placed on assessing the penalty, the error rate went up again.

So, it is really quite clear, if you look at the charts in my office, what took place. Without the threat of that penalty, I have no doubt in my mind that the error rate would be substantially higher than it is at the present time.

It is not just the dollars involved, and I want to make that point. I am not just talking about dollars. We all have constituents; and if the Administrators—the Governors, et cetera—are not running a program in compliance with the law, and in the citizens' best interest, their constituencies are very concerned. And we make it a point not just to send the letter to the officials involved but make sure that other people know about it, too. And I think that is part of the corrective action program.

Senator **Daschle**. I see my time is up. Thank you, Mr. Stanton.

Mr. **Stanton**. Yes, Senator.

Senator **Moynihan**. Senator Durenberger.

Senator **Durenberger**. Thank you, Mr. Chairman. I have a couple of questions to ask. I would be interested in knowing which States have been having problems in this area.

Mr. **Stanton**. I will say this, Senator. None of the four States you gentlemen represent have been affected. [Laughter.]

Senator **Durenberger**. What are your goals and objectives for collecting child support for single, never-married parents? I understand that currently a figure of award is something in the neighborhood of 18 percent.

Would you indicate whether or not there is a higher figure that you are aiming for at this time and how your current proposal will help us reach that goal.

Mr. **Stanton**. A higher goal, Senator, with respect to the dollar per case to be collected?

Senator **Durenberger**. You may express it in dollars; but I would prefer to know the number of children of never married women for whom child support is in place.

Mr. **Stanton**. I wish I knew exactly the answer to your question, but I can't say that I do. I would say this, though, in that regard: We are stressing with all the States and the jurisdictions to press for paternity establishment for the unmarried mothers that come in and ask for welfare assistance; and a few States tell me that the number of new applicants asking for AFDC because of unmarried status is as high as 50 to 70 percent at the present time, as far as new cases under AFDC.

This is particularly true in the urban areas of the nation.

Senator **Durenberger**. What causes that? Would you say that is an increase?

Mr. **Stanton**. Yes, it is. Out-of-wedlock has been increasing dramatically.

Senator **Durenberger**. Out-of-wedlock what?

Mr. **Stanton**. Out-of-wedlock births. Out-of-wedlock births have been increasing quite dramatically. I think it was about 700,000 in 1983.

And many of those end up on public welfare assistance:

Senator **Durenberger**. All right. I know all that. What are you doing about it?

Mr. **Stanton**. What we are doing about it? We are jaw-boning with the States to increase the percent of paternities, to increase the percent of support orders; and many times they are telling us, we are creaming, if you will, looking for those cases with the best potential result of child support.

Senator DURENBERGER. How are you doing that?

Mr. STANTON. I tell them that we want paternity established for the young cases also because it becomes a lifelong indebtedness against the individual for child support. The statute of limitations for establishing paternity has been extended to 18 years.

Senator DURENBERGER. I know all that. I just want to know what you are doing.

Mr. STANTON. Jaw-boning the States. Jaw-boning—telling them to do it and measuring through audits whether or not they are doing it.

Senator DURENBERGER. Could you give me an example of a State in which jaw-boning has worked and then illustrate that with increases in awards for the children of never married women?

Mr. STANTON. Yes, I would say Indiana, with which I am very familiar obviously. Indiana ranks 4th in the whole nation as to total recovery of the AFDC payments. The legislature in Indiana decides what the payment level will be. Secretary Bowen and I recommended several times increases in the welfare payment because of the success of activities to collect child support. We have many counties in Indiana that do work very aggressively in child support.

Four States, because they weren't doing very much in establishing paternity, were cited recently in our penalty letters for not doing what we were just talking about doing. Establishing paternity in four of these eight letters was the reason for the citation.

Senator DURENBERGER. Let me get back to the original question. The average today is 18 percent. Have you set goals that all the States understand—as you are jaw-boning away—that next year, the year after, three years from now or four years from now, you would like to see a 25 percent or 30 percent or 50 percent or some other percent requirement? Also, if the States don't meet them, are you going to make recommendations by changing regulations or changing the law?

Mr. STANTON. We have set the figure at 75 percent.

Senator DURENBERGER. For what year?

Mr. STANTON. Right now; 75 percent compliance in establishing paternity. When a case is referred, 75 percent.

Senator DURENBERGER. And what is the penalty for a State that doesn't meet it?

Mr. STANTON. One percent. The first year, one to two percent; the second year, two to three; and the third year, four to five percent of the AFDC Federal funds.

Senator DURENBERGER. You are going to take this 18 percent figure up to 75?

Mr. STANTON. Yes. It is in the regulations.

Senator DURENBERGER. By the end of this year?

Mr. STANTON. Yes, right now. It is in the regulations now.

Senator DURENBERGER. Maybe we will ask some of the State and local people then how they feel about it. Thank you, Mr. Stanton.

Mr. STANTON. You are welcome.

Senator MOYNIHAN. Senator Bradley.

Senator BRADLEY. Thank you very much, Mr. Chairman.

Let me say that I think the premise of this new, yet old, look at the whole child support enforcement mechanism is terribly important. We want to have expanded training and support services, and we recognize a moral obligation to help the poor and their families; but these efforts should be undertaken after the families themselves have made the maximum effort.

And that is why child support enforcement is so critical—the credibility question for a moral commitment to help the poor. And credibility is recognized not just now, but has been recognized over the last several years with the 1984 child support bill that insisted on wage withholding and State and Federal income tax offsets, and then the 1986 child support enforcement amendments which made sure that people who were in arrearage couldn't get a brokered deal by skipping to another State and saying that even though they might owe $12,000, they will settle for $3,000. That can no longer happen. All these things are terribly important.

And now we want even more improvements to the system. One of the things that concerns me is what we have done to date has not really had a major impact on the AFDC family. Currently, only seven percent of AFDC assistance payments are recovered through child support.

So, my question to you first is: Shouldn't there be further steps taken by the Federal Government to ensure that noncustodial parents meet their responsibilities?

Mr. **Stanton**. Senator, I certainly don't have any opposition to the thought of any additional kind of considerations that would cause parents to support their kids. There may be some now in our proposals that would relate to that—legislative proposals—that would relate to better performance criteria by the States. We have legislative proposals before the Congress now that say that States ought to perform better in total activities, if they want to continue to receive the same amount of money.

I think that is terribly important in our total activities.

Senator **Bradley**. In New Jersey, we have established guidelines.

Mr. **Stanton**. Yes, you have.

Senator **Bradley**. So, rather than leaving it to the judge, we now have guidelines that have demonstrated a dramatic increase. My question to you is: Don't you think other States should establish guidelines?

Mr. **Stanton**. We have a legislative proposal before the Congress that establishes mandatory guidelines. We want all the States to have mandatory guidelines, unless there is a finding by the judge or the court that that is an inequitable conclusion to be reached by those guidelines.

I think that is terribly important, and I commend New Jersey for doing that. And I think that the data in New Jersey show that if these guidelines were followed for the total caseload, 25 percent of their welfare recipients would go off the rolls. It would increase very substantially the total dollars involved.

Senator **Bradley**. What we are trying to do is use the guideline mechanism to review old AFDC cases. Now, shouldn't all States do that?

Mr. **Stanton**. Yes, they should. We would support, and we ask the States now to do that; and that is one of the audit criteria, Senator—are the States establishing and within time frames? We expect 90 percent of the cases to be handled that are referred and filed within 90 days. And the law allows up to one year as far as the total amount is concerned, and we are enforcing that provision.

Senator Bradley. One other thing that you are doing is your cut in total support for child support enforcement. Basically, I am referring to the 25 percent cut in the match rate to help States set up child support computer systems.

Mr. Stanton. Yes.

Senator Bradley. Most of these States don't have computer systems in place. So, won't these cuts in assistance to them for establishing computer systems really lead to deterioration of the effort that we are trying to increase?

Mr. Stanton. Senator, I do have the data here some place, but I don't have it right at my fingertips; but nearly 40 of the States are now developing a computerization system. We think, by talking about reduction of their funding, it will stimulate those remaining States to get on the ball.

We are not talking about reducing that percent immediately, but we are projecting it a couple or three years outward. We want to stimulate the rest of the States to get a computerized system in place; and we think it is a stimulus, not a deterrent, to those States.

So, we are projecting a time frame now when we hope that enhanced money would no longer be needed in computer development because the computer system would be there. We now have 13 States that are transferring systems from other States which will speed up the process and reduce the costs. Last year, we nearly tripled the dollars that have been granted to the States for computerization.

Senator Bradley. Are you saying that 40 States already have a computer system in place?

Mr. Stanton. No, no.

Senator Bradley. Or are you saying that they are in the process of developing it and they are incurring additional costs in the development?

Mr; Stanton. 40 that have it or are developing it now, and many have given a completion date of about two years or less. And we have committed ourselves, Senator, to the funding for those States through the completion date.

Senator Moynihan. We would like you to give us a candid answer on this, Mr. Stanton. Are they in fact cutting back? We would like you to tell us, sir; we will protect you. [Laughter.]

If they come after you, we will give you assylum. [Laughter.]

If they start attaching your pay, we will enact legislation that guarantees it during—not your lifetime—but——

[Laughter.]

Senator Moynihan [continuing]. We really do want you to be open with us if you think they have done things to you that you think should not be done. We think they have.

Will you tell me if you will do that, sir?

Mr. Stanton. Mr. Chairman, I want to say this about child support. The Administration—OMB—has not reduced my request for child support. We don't have a limit on child support. We have a number in the budget for child support, but our position with all the States, Senator, has been to reimburse the States at 70 percent of whatever they ask for.

We have not put a cap on that program as far as the States are concerned. So, our budget is what the States have estimated to us that they are going to need.

Senator **Moynihan**. And OMB has given you what?

Mr. **Stanton**. Has given me exactly what I have asked for, the total dollars that we need for child support.

Senator **Moynihan**. We won't dispute that.

Mr. **Stanton**. And we have agreed on the legislative proposals also with respect to child support.

Senator **Moynihan**. You have mentioned that you have sent us legislation based upon national standards. I think you are going to send it; we haven't gotten it, but you will send it, of course.

Mr. **Stanton**. Yes.

Senator **Moynihan**. I did hope we might hear from you as we make our way forward on this subject on the different levels of performance of different States.

Mr. **Stanton**. Senator, I will be happy to provide you and any other members of this committee or any members of Congress anything you wish in this whole area. I would be honored to have the opportunity.

Senator **Moynihan**. Mr. Denton, who is President of the National Forum Foundation is going to testify for us in a few moments. He has in a monthly vital statistic report a table on IV-D, which is an index of illegitimate births, sequenced by percent of illegitimate births normalized by paternity. It ranks from Michigan at 58 percent, which is a very high figure, down to Idaho with two percent. And that really is a range.

And there is a whole batch of States that are under 10 percent; and there is a whole batch of States over 40, and my State of New York is at a not very impressive 20 percent with the largest single number of annual births, 63,000; no one else comes anywhere near that, save maybe Texas, I suppose, and maybe in California somewhere.

What is the difference? Are you learning any about this, in terms of: Do some people try? Do some people not try? I grew up in New York City, and I go around the centers, and I have a very good impression that people don't try.

Blanche Bernstein, who is head of the Human Resources Administration did an article in the public interest about four years ago, which says: Here in New York City, we will not try. Not that she didn't want to try, but they won't do it and they haven't. Is that the impression you are getting?

Mr. **Stanton**. Are you speaking about trying to establish paternity actions?

Senator **Moynihan**. Yes.

Mr. **Stanton**. I think there is much reluctance in this area and difficulty in this area, as the Governor indicated earlier. I think it is coming along, but it is coming along slowly. There has been quite a bit of reluctance with respect to the judiciary and the prosecuting attorney in this area; and many of the States are working through those departments. So, it has been quite slow.

Senator Moynihan. Can I ask you just one thing, Mr. Stanton. It is not fair to the children, is it?

Mr. Stanton. That is correct.

Senator Moynihan. It is not fair to the children.

Mr. Stanton. And I will say this. We have a contract now with the National Center for State Courts and I met with them in New Orleans a few months back. There were several judges from the Supreme Courts of the States and several from the Appellate Courts of their States, and I was quite appalled at their absence of knowledge about this total program; but I never saw a group of people that were more conscientious and paying attention and wanting to learn. They were enthusiastic about what they were hoping to do when they got back home.

I would say that the judges have cooperated with us in these URESA forms and activities. I am optimistic that the judicial profession and the total judiciary is working nicely with us on this problem.

Senator Moynihan. Sir, if you will get that legislation up to us, we certainly want to pursue it.

Mr. Stanton. Yes, sir. And I appreciate being able to talk with you about it.

Senator Moynihan. We thank you very much, sir.

Senator Bradley. Before you excuse Mr. Stanton, could I ask a question?

Senator Moynihan. Yes, of course.

Senator Bradley. Before you leave, Mr. Stanton, I would like to know about the one-month delay we have now in withholding. Would you like to see that immediately?

Mr. Stanton. I would like to see it automatically included in the court order. I think this, Senator; I think the person could have a pretty bad time if they got behind more than one month, and I think the garnishing ought to be automatic after 1 month's average accrues. I think the person doesn't initially want to go through the embarrassment with the employer and so forth, and they say they're going to pay regularly. Then, I would give them that opportunity.

After a month, I would say it should be automatic. It can be written in the order if you don't pay it.

Senator Bradley. Since the issue here is income for the poor family—last year we helped that with the increase in the earned income tax credit—you would be in favor of reviewing the financial status of the absent parent from time to time to increase the child support.

Mr. Stanton. Guidelines?

Senator Bradley. To increase the child support amount?

Mr. Stanton. Yes. One of our proposals, Senator, that we will also be sending up later on, has a condition in it for the re-review of the size of the court order. I think that is important also, that circumstances change with the children and with the income situation. I think it should be regularly reviewed and readjusted to fit the need.

Senator Moynihan. If you have a percentage payment, that is taking place automatically, is it not?

Mr. **Stanton**. There are some States that do have automatic—I think the Wisconsin one is set at 17 percent for one child and some other States are talking about percentage; Massachusetts is talking about another percentage—and I think those are excellent, and I support those kinds of things.

Senator **Moynihan**. Would you give us a statement in writing about the garnishee provision you mentioned?

Mr. **Stanton**. Yes, sir.

Senator **Moynihan**. What you would like to see.

Mr. **Stanton**. Yes, I will.

Senator **Moynihan**. Mr. Stanton, we thank you very much and your very able colleagues whom we see back there. We wish you had brought them forward. We look forward to working with you as we go forward.

Mr. **Stanton**. Thank you, Mr. Chairman.

[The prepared statement of Mr. Stanton and the requested information follow:]

STATEMENT

OF

WAYNE A. STANTON

ADMINISTRATOR

FAMILY SUPPORT ADMINISTRATION

HEARING ON CHILD SUPPORT ENFORCEMENT

SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

SENATE COMMITTEE ON FINANCE

FRIDAY, FEBRUARY 20, 1987

Mr. Chairman, members of the Subcommittee, I appreciate the opportunity to speak with you about a critical problem which threatens family life in this country -- the failure of parents to support their children which so often results in a life of welfare dependency for those children.

Strengthening family bonds and reducing welfare dependency is a priority of Secretary Bowen's and mine. A stronger State child support enforcement program can rescue families from poverty, prevent welfare dependency, and reduce AFDC, Food Stamp and Medicaid costs. Most important, support collections can provide financial underpinnings for the healthy and secure family life that every child needs.

As Director of the Child Support Enforcement program, my primary mission is to help ensure that the financial needs of our nation's children are met, by assisting States in placing the primary responsibility of support where it belongs -- with the responsible parents.

Children are at financial risk because of the increasing numbers of children in this country being raised by one parent due to continued high rates of divorce, separation, and out-of-wedlock births. The AFDC program, designed in 1935 to care for women and children who had no other means of support because of the death or serious injury of a parent, has undergone a profound transformation.

The overwhelming cause of most welfare dependency today is the lack of parental support of children. Over 90 percent of families on AFDC today are there as a result of divorce, desertion, legal separation, or out-of-wedlock births. Therefore, a reassertion of the legal and moral responsibility of parents to acknowledge paternity and support their children is an essential and vital part of the solution to the welfare dependency problem.

The most recent census data show that only 58 percent of the 8.7 million women caring for children whose fathers were absent from the home had orders for support; and of those, only about half received the full amount of child support they were due. For 1983 alone, unpaid child support totaled $3 billion, excluding arrearages owed from previous years. Moreover, average State child support award amounts have been too low and have not taken into account the true costs of raising children. It has been estimated that if all absent parents paid child support based on realistic guidelines, over $26 billion was potentially payable for 1983, two and one-half times the value of actual orders reported by the Census Bureau for that year. For these families, lack of Child Support Enforcement means a greatly reduced standard of living at best--and, with tragic frequency, it means the children grow up in long-term poverty.

You, the Congress, demonstrated your acute awareness of the threat these statistics illustrated by unanimously passing the Child Support Enforcement Amendments of 1984. President Reagan signed these Amendments into law on August 16, 1984. These Amendments were a response to the need to make support of children by absent parents fairer, speedier, and more certain. New tools provided by the 1984 Amendments were designed to move the States to dramatically increase child support collections and, after initial investment costs, assist State and local child support agencies and prosecutors to do a more effective job, and more efficiently.

All States have enacted legislation in response to this law. While some State programs are not yet fully in compliance with the law, many States have made significant efforts and are implementing the enforcement practices mandated by the 1984 Amendments. Thirty-one States have certified to us that they have adopted and are using all the mandatory enforcement techniques. Even with these figures, more needs to be done.

In FY 1986, States collected $3.2 billion from absent parents--almost $3.50 for every $1.00 spent on program administration. Support obligations were established by States and localities in over 723,000 cases, and paternity was established in close to a quarter of a million cases. In addition, they located over one million absent parents.

These statistics do represent significant increases from the previous year, but our efforts still only scratch the surface.

While there has been improvement in States' child support programs, the improvement has not been as dramatic as we would have expected or wished. We are not yet seeing dramatic increases in collection levels or decreases in administrative expenditures. Therefore, it is time for us to work together to do more. There is a need now for a greater stimulus to improve the effectiveness and efficiency of the Child Support Enforcement program.

Our legislative proposals will work toward that end by 1) requiring State use of guidelines to set and update the amount of support orders, and 2) focusing Federal incentives of the child support program on results achieved.

Our first proposal would require States to use established guidelines to set individual support awards, unless it is demonstrated to the court, or administrative agency, that their use would lead to an inequitable outcome. A departure from the guidelines would have to be clearly documented as to why it is in the best interest of the child. Thirty States currently have some form of support guidelines; many are only advisory, however.

The proposal would also require periodic review and modification, under appropriate circumstances, of both existing orders and those established based on the guidelines. Existing support orders need to be reviewed over time to ensure that changes in circumstances have not reduced their equity for the parties involved. Overall, guidelines would produce higher, as well as fairer, support awards, while reducing State and Federal AFDC and Medicaid costs. By increasing awards, guidelines will ensure that families are better able to stay off welfare and give those on welfare a stronger incentive to combine support and earned income to leave the welfare rolls.

Another set of proposals are aimed at moving Federal program funding more in the direction of rewarding program performance. Because States currently receive incentive payments of six percent of both AFDC and non-AFDC collections, regardless of how well they perform, or how much they spend on administration, there is insufficient inducement for them to improve their programs.

We are proposing to tie the AFDC child support incentive payments to minimum levels of costs effectiveness by limiting such payments to States with a cost-effectiveness ratio of 1.4 or better. That is, States would receive incentive payments for collections on behalf of AFDC families only if they are at least 1.4 times the costs of operating the State's child support program. This will more clearly achieve the purpose of incentive financing by giving a financial reward only to those States that operate effective and efficient programs. Collections will rise and more families will be helped as States improve their cost-effectiveness ratios to qualify for incentive payments.

The proposal I described earlier, to require States to use mandatory award guidelines, will provide a key tool to States in meeting the 1.4 cost-effectiveness ratio, because mandatory guidelines will increase support collections significantly, with no increase in administrative costs.

We also propose to accelerate the already-scheduled Federal matching rate adjustment to 66 percent from FY 1990 to FY 1988. The 66 percent matching rate is generous compared to the matching rate for other entitlement program administrative costs. The accelerated adjustment in Federal matching reduces Federal costs, but more importantly, it strengthens the focus of State and local program operations on effectiveness and efficiency. More appropriate Federal matching for administrative costs will contribute to the efforts to reward effective performance instead of encouraging high program administrative costs.

Finally, we are proposing to phase out enhanced, or 90 percent, Federal funding for the design and development of child support enforcement computer systems, consistent with similar proposals in the AFDC, Medicaid, and Food Stamps programs. The Federal matching rate will be adjusted from 90 to 75 percent in FY 1988 and FY 1989 and to 66 percent by FY 1990. By that time, States will have had almost a decade in which to develop automated systems with enhanced Federal funding. A gradual reduction of the enhanced 90 percent rate will stimulate and encourage States to accelerate their systems development and installation, while affording adequate time to do so. If the rate were retained indefinitely, there would be little incentive for States to automate.

In addition to our legislative proposals, I would like to up-date the Committee on the many administrative actions the Department is taking to ensure that States are aggressively pursuing child support enforcement.

I am pressing the States for full working implementation of the requirements contained in the 1984 Amendments. Because of specific deficiencies in areas like wage withholding and paternity establishment, I have sent notices of potential State plan disapproval to six States. Should these States not rectify the problems, the law provides for withholding Federal funding for their child support enforcement program, and for a financial penalty to be applied against the Federal share of their AFDC funds. You can be sure that Secretary Bowen and I will take whatever steps are necessary to see to it that all States implement the Amendments as the law requires.

With the recent formation of the Family Support Administration, we have placed renewed emphasis on improving the design of Federal assistance to support family needs. In addition to Child Support Enforcement, the Family Support Administration is responsible for those programs in the Department of Health and Human Services having the most direct impact on the family, such as AFDC and the Teenage Pregnancy Prevention Initiative.

The creation of this new organization illustrates the Secretary's and the Department's commitment to the family and recognizes the close link, the cause and effect relationship, between lack of child support and welfare dependency. By having AFDC and Child Support Enforcement in one agency, we are going to be able to further the kind of coordination between these programs that is vital to their operating successfully and purposefully.

We at FSA are directing significant efforts toward improving the linkage between State and local child support enforcement and

State and local AFDC agencies. We are developing training materials, "best practice" write-ups and model forms for dissemination to those State agencies. More creative ways to vigorously pursue paternity establishment and other aspects of support enforcement at the very outset of the AFDC process will be demonstrated.

We believe that State agencies involved in child support and AFDC programs need to build public awareness and grass roots impetus for the support enforcement program improvements. We are assisting States in informing the business community, organized labor, and elected officials at all levels of government of State and local performance data and information relevant to program improvement. I personally have spoken to many State human service agency administrators, State child support enforcement program directors, and many prosecutors, judges and other elected officials and interested persons.

One of my messages to these individuals emphasizes a central FSA goal -- to attack the chronic problem of enforcement of child support obligations across State lines -- a serious problem of the program, accounting for approximately 30 percent of the child support caseload. A child's right to support doesn't end simply because the parents live in different States. A parent cannot be allowed to escape his or her support obligation simply by moving.

We are in the midst of a number of efforts to help States solve the complex problems intrinsic to interstate paternity establishment and child support enforcement. Proposed regulations were published in the Federal Register on December 2nd to strengthen the interstate process. These requirements would clarify State responsibilities for working and paying the costs associated with interstate cases. We are reviewing comments on the proposed rule and will publish a final regulation in the early spring.

Additional efforts in the interstate arena include projects to:

1) develop regional networks of States, which can access vital information concerning the identity, location, employment, income and assets of absent parents, as well as transferring and tracking case information;

2) extend the Federal Parent Locator System to serve as a national hub linking regional networks in order to improve access to information; and

3) develop comprehensive, standardized forms which will greatly facilitate communications from jurisdiction to jurisdiction. (These forms were jointly developed with judges, prosecutors, child support agencies, and other interested parties.)

The fulcrum of any information exchange or gathering system is, of course, automation. Shortly after FSA was created, we implemented an automated systems transfer strategy to more quickly, and more economically, improve the automation of State and local support enforcement activities. Our objective is to transfer existing, proven automated systems wherever possible to avoid the necessity of having to "reinvent the wheel" in every State -- and to speed up the development of automated systems.

Finally, this fiscal year our Regional Offices will be conducting 50 State program reviews focusing on implementation of the mandated enforcement techniques of the 1984 Amendments -- reviews that will highlight any deficiencies that need to be corrected by the States. These reviews complement our ongoing, indepth program audits. In recent months, I have notified eight States that as a result of FY 1984 audit findings, their programs were found not to be in substantial compliance with Federal law. Problems were identified in case management, paternity establishment, and location of absent parents.

Five of these States have already, or are attempting to, resolve these problems through approved corrective action plans. Failure to perform in a satisfactory manner could result in financial penalties specified in the law, penalties suspended pending completion of a period for taking corrective action.

In summary, our legislative proposals, along with continued State monitoring and enforcement of the 1984 Amendments and the other initiatives I have outlined, will accomplish the goal of increasing establishment of paternity and enforcement of child support obligations while decreasing State administrative costs. And, everyone benefits from meeting the goal -- parents resume responsibility for supporting their children, families move towards self-sufficiency, and State and local governments and the Federal government save money.

Thank you for this opportunity to express our commitment and determination to improve the well-being of our nation's children.

I will be happy to answer any questions.

FISCAL YEAR: 1986 — TOTAL NUMBER OF PATERNITIES ESTABLISHED FOR FIVE CONSECUTIVE FISCAL YEARS — DATE: 02/04/87

STATE	1982	1983	1984	1985	1986
ALABAMA	4,472	4,833	4,921	6,750	6,727
ALASKA	98	105	90	84	252
ARIZONA	618	595	500	495	986
ARKANSAS	1,131	1,489	1,911	2,941	7,144
CALIFORNIA	21,427	21,714	24,378	23,820	25,118
COLORADO	1,154	1,033	1,187	1,426	1,451
CONNECTICUT	4,397	4,563	4,363	4,622	4,579
DELAWARE	871	1,346	929	1,120	1,984
DISTRICT OF COLUMBIA	941	811	471	583	664
FLORIDA	8,878	10,679	15,741	14,452	14,350
GEORGIA	5,452	6,102	6,518	5,809	12,323
GUAM	144	173	115	170	120
HAWAII	1,077	1,101	888	688	836
IDAHO	34	84	205	303	299
ILLINOIS	6,194	7,339	4,711	7,035	10,820
INDIANA	3,853	3,836	6,859	5,149	3,580
IOWA	1,121	922	1,072	1,366	1,853
KANSAS	978	682	404	325	528
KENTUCKY	2,453	2,986	2,774	3,315	3,425
LOUISIANA	3,273	3,195	3,180	4,235	4,234
MAINE	595	604	554	809	570
MARYLAND	8,417	8,211	8,290	9,263	8,167
MASSACHUSETTS	3,429	3,766	3,841	5,200	2,438
MICHIGAN	12,952	17,374	13,875	16,186	17,737
MINNESOTA	2,707	2,994	3,090	3,265	3,646
MISSISSIPPI	1,751	1,797	2,139	2,600	1,964
MISSOURI	424	17,522	17,046	14,423	10,200
MONTANA	56	37	33	54	120
NEBRASKA	335	410	449	430	454
NEVADA	626	409	356	477	503
NEW HAMPSHIRE	64	30	52	13	56
NEW JERSEY	9,647	10,616	11,739	13,053	13,731
NEW MEXICO	1,071	1,141	970	709	830
NEW YORK	12,751	15,884	17,403	16,595	16,929
NORTH CAROLINA	7,071	7,368	7,185	9,307	10,014
NORTH DAKOTA	284	440	480	530	930
OHIO	8,552	7,767	9,804	9,314	10,057
OKLAHOMA	1,132	1,811	562	590	430
OREGON	2,190	2,173	1,967	2,189	2,351
PENNSYLVANIA	9,362	11,906	13,404	15,613	17,443
PUERTO RICO	37	19	12	5	21
RHODE ISLAND	333	451	549	244	98
SOUTH CAROLINA	1,413	2,552	3,079	3,479	2,538
SOUTH DAKOTA	159	172	227	300	426
TENNESSEE	5,913	6,592	6,217	6,863	7,021
TEXAS	1,862	1,085	769	833	900
UTAH	1,229	1,546	1,669	1,418	1,103
VERMONT	234	349	379	300	688
VIRGIN ISLANDS	22	104	15	146	106
VIRGINIA	2,463	2,351	1,990	1,962	2,039
WASHINGTON	1,474	1,700	1,905	2,187	2,010
WEST VIRGINIA	521	467	378	223	196
WISCONSIN	5,025	5,688	6,095	7,384	7,812
WYOMING	108	66	32	210	113
NATIONWIDE TOTALS	172,767	208,278	219,360	231,838	244,864

SOURCE: FORM OCSE-56, LINE 7 (A+B+C)

FISCAL YEAR: 1986

TOTAL DISTRIBUTED AFDC/FOSTER CARE COLLECTIONS
FOR FIVE CONSECUTIVE FISCAL YEARS

DATE: 02/04/87

STATE	1982	1983	1984	1985	1986
ALABAMA	8,059,700	7,780,560	8,778,410	14,863,101	14,454,353
ALASKA	1,047,973	1,780,001	1,728,303	2,057,810	2,797,023
ARIZONA	1,249,840	1,459,109	2,165,135	1,636,261	2,725,348
ARKANSAS	3,031,595	4,593,278	5,183,489	6,318,169	8,083,462
CALIFORNIA	136,393,566	136,962,987	151,998,401	154,023,526	172,413,717
COLORADO	5,990,043	9,330,106	8,985,993	9,371,596	11,135,492
CONNECTICUT	21,308,098	20,627,956	21,945,305	23,605,501	26,081,171
DELAWARE	1,957,781	2,275,804	3,501,076	3,847,383	3,987,119
DISTRICT OF COLUMBIA	1,813,036	2,420,689	2,242,217	2,689,046	1,983,063
FLORIDA	14,285,801	18,408,331	30,587,412	26,260,928	28,201,532
GEORGIA	8,106,853	11,355,444	14,815,909	19,267,781	20,455,649
GUAM	164,728	259,499	295,957	288,827	213,714
HAWAII	3,345,038	4,481,944	4,488,502	5,162,155	5,137,610
IDAHO	3,409,132	3,805,708	3,869,522	4,324,251	4,803,591
ILLINOIS	17,814,623	18,970,915	24,414,720	27,935,770	32,391,939
INDIANA	11,649,778	17,646,384	22,540,585	24,585,110	29,702,911
IOWA	10,113,508	19,483,592	22,518,491	23,858,033	26,815,963
KANSAS	7,765,464	7,806,922	8,119,075	9,781,358	10,298,412
KENTUCKY	5,751,723	6,315,845	6,387,769	9,448,271	11,200,380
LOUISIANA	9,301,466	9,640,863	10,327,766	13,042,953	14,455,939
MAINE	5,991,237	8,481,620	9,695,566	10,527,848	12,796,260
MARYLAND	15,192,612	27,772,559	24,202,403	28,197,351	31,929,282
MASSACHUSETTS	40,368,123	40,475,607	42,919,179	46,342,813	50,398,044
MICHIGAN	101,339,392	97,693,796	106,770,642	111,924,608	125,425,922
MINNESOTA	23,124,540	25,788,466	28,600,415	30,805,198	33,920,819
MISSISSIPPI	2,396,320	4,544,378	4,900,829	4,807,168	5,920,411
MISSOURI	12,434,081	11,499,792	14,332,469	19,174,338	18,728,140
MONTANA	1,237,231	1,833,710	2,272,887	3,195,375	3,438,332
NEBRASKA	3,175,525	3,675,380	4,278,926	5,863,141	5,818,983
NEVADA	1,510,354	1,824,436	1,759,065	1,730,914	2,059,526
NEW HAMPSHIRE	2,302,539	2,648,781	2,459,369	2,922,837	2,336,275
NEW JERSEY	33,606,114	41,103,412	50,342,273	51,155,462	57,785,897
NEW MEXICO	2,218,350	2,891,448	3,537,077	3,750,282	7,078,309
NEW YORK	54,631,592	68,622,174	68,704,543	79,148,496	82,812,170
NORTH CAROLINA	12,795,221	18,794,979	20,877,515	23,530,813	27,803,031
NORTH DAKOTA	1,762,779	2,011,059	2,353,236	2,659,828	3,117,889
OHIO	30,081,764	33,403,118	39,917,969	47,584,957	59,245,973
OKLAHOMA	2,606,754	3,647,912	5,602,995	6,559,366	7,218,648
OREGON	16,451,169	12,645,243	12,216,665	14,123,350	15,267,031
PENNSYLVANIA	40,585,979	47,134,751	57,897,236	62,798,783	74,459,791
PUERTO RICO	686,791	917,133	1,218,670	1,525,180	1,820,491
RHODE ISLAND	3,869,113	4,217,248	4,966,912	5,126,280	5,908,468
SOUTH CAROLINA	4,712,178	6,814,768	8,745,431	7,720,496	10,549,280
SOUTH DAKOTA	1,431,937	2,175,218	2,111,262	2,305,202	2,203,329
TENNESSEE	5,980,654	5,566,970	6,467,274	5,868,320	9,757,191
TEXAS	6,868,628	10,878,847	13,245,905	15,958,809	17,619,356
UTAH	10,065,121	11,642,678	11,591,463	11,441,285	12,139,838
VERMONT	3,037,621	2,626,458	2,668,113	3,161,549	3,640,574
VIRGIN ISLANDS	178,804	139,976	158,862	210,925	212,479
VIRGINIA	10,398,431	11,758,430	12,026,889	13,938,479	13,686,931
WASHINGTON	22,083,341	26,494,786	29,173,188	32,021,224	36,172,761
WEST VIRGINIA	2,487,829	3,311,410	3,868,193	4,543,859	5,344,329
WISCONSIN	32,019,948	39,581,782	44,522,235	48,720,584	53,633,861
WYOMING	619,645	789,630	655,498	793,876	1,279,773
NATIONWIDE TOTALS	785,938,773	879,861,648	1,008,147,881	1,091,994,254	1,228,363,466

SOURCE: FORM OCSE-34 LINE 13 (A + C)

FISCAL YEAR: 1986 TOTAL NON-AFDC COLLECTIONS DATE: 02/04/87

FOR FIVE CONSECUTIVE FISCAL YEARS

STATE	1982	1983	1984	1985	1986
ALABAMA	169	854,331	3,199,373	10,669,264	18,044,041
ALASKA	6,339,835	7,924,135	8,578,980	8,736,298	10,834,771
ARIZONA	9,170,669	9,184,218	12,001,396	11,237,877	11,804,939
ARKANSAS	2,521,124	2,808,814	2,625,305	3,678,185	6,781,527
CALIFORNIA	110,629,808	117,623,357	133,805,557	151,872,479	165,456,905
COLORADO	10,947,777	7,848,244	6,143,448	8,952,435	7,919,977
CONNECTICUT	15,770,091	18,599,821	21,214,776	24,604,126	28,396,672
DELAWARE	5,425,712	5,820,730	6,256,799	6,850,159	8,249,307
DISTRICT OF COLUMBIA	761,447	1,109,391	1,758,999	2,083,355	1,776,431
FLORIDA	5,988,387	8,671,937	12,165,386	19,490,213	34,934,133
GEORGIA	1,392,858	2,083,968	3,769,981	7,012,920	13,019,888
GUAM	94,760	131,278	189,824	151,817	213,874
HAWAII	4,878,857	5,604,728	5,783,967	6,479,865	6,693,194
IDAHO	1,038,518	804,056	856,673	1,498,310	6,150,548
ILLINOIS	4,584,597	13,853,605	18,461,921	26,594,166	48,255,064
INDIANA	2,939,482	3,142,460	3,587,833	9,897,859	17,309,189
IOWA	8,695,743	9,701,862	10,621,146	10,491,837	14,542,114
KANSAS	1,835,358	2,114,152	2,768,587	1,648,443	6,117,887
KENTUCKY	10,894,955	13,386,533	15,977,483	15,704,255	16,756,490
LOUISIANA	13,818,382	16,112,823	17,079,593	21,215,981	25,476,116
MAINE	1,473,882	1,833,314	2,356,319	3,592,982	4,934,669
MARYLAND	39,512,771	49,355,957	52,434,975	55,609,421	64,207,948
MASSACHUSETTS	23,243,892	31,843,572	41,140,132	51,996,428	58,913,833
MICHIGAN	139,898,617	176,105,032	198,650,127	229,253,654	277,220,968
MINNESOTA	14,709,262	19,184,375	23,551,258	28,844,582	34,968,136
MISSISSIPPI	295,878	342,573	399,162	2,088,146	5,069,965
MISSOURI	6,152,369	6,617,966	10,489,673	17,542,122	34,269,499
MONTANA	513,659	581,763	621,165	710,984	1,193,871
NEBRASKA	13,948,964	16,369,118	19,933,989	24,042,834	28,389,959
NEVADA	3,201,615	3,731,106	4,681,971	5,546,769	6,117,294
NEW HAMPSHIRE	2,317,512	8,972,368	9,424,786	10,248,336	11,867,049
NEW JERSEY	97,996,633	102,121,827	133,029,781	149,009,036	171,784,750
NEW MEXICO	1,252,339	1,722,414	1,985,643	2,841,681	3,132,159
NEW YORK	97,170,884	105,831,451	113,836,462	120,481,895	139,441,084
NORTH CAROLINA	9,472,052	12,835,039	16,414,873	21,811,398	27,577,767
NORTH DAKOTA	548,961	712,249	1,818,994	985,542	1,547,624
OHIO	871,724	1,458,721	1,651,582	35,115,337	65,499,101
OKLAHOMA	1,289,112	1,585,228	1,942,482	2,673,992	5,758,063
OREGON	30,233,773	25,486,487	25,184,495	25,654,742	33,883,227
PENNSYLVANIA	214,894,946	238,694,289	269,764,145	308,372,815	345,342,447
PUERTO RICO	16,696,635	31,967,548	84,800,237	92,739,862	96,971,391
RHODE ISLAND	1,511,729	2,978,623	2,953,453	3,587,582	4,565,180
SOUTH CAROLINA	1,449,777	1,446,888	2,332,276	3,342,162	11,296,976
SOUTH DAKOTA	698,864	671,528	620,938	848,346	1,481,758
TENNESSEE	11,595,853	13,518,426	15,827,855	17,693,718	22,818,925
TEXAS	6,972,812	7,862,294	11,758,854	14,352,555	25,784,981
UTAH	1,883,362	1,951,548	3,874,913	5,317,316	10,176,477
VERMONT	219,896	281,637	211,225	521,877	999,553
VIRGIN ISLANDS	478,643	543,812	1,320,153	2,128,863	1,825,105
VIRGINIA	1,831,527	1,858,322	1,927,877	2,347,255	19,923,569
WASHINGTON	14,467,211	15,148,141	16,861,397	24,808,332	27,812,526
WEST VIRGINIA	149,281	122,573	189,227	146,835	356,848
WISCONSIN	11,131,778	16,459,291	28,911,812	33,350,129	67,626,875
WYOMING	257,921	227,089	397,555	437,429	801,723
NATIONWIDE TOTALS	984,447,323	1,144,322,314	1,377,641,295	1,693,729,884	2,023,275,837

SOURCE: FORM OCSE-34 LINE 13 (B)

FISCAL YEAR: 1986 FEDERAL INCOME TAX REFUND OFFSET PROGRAM COLLECTIONS DATE: 02/04/87

FOR FIVE CONSECUTIVE FISCAL YEARS

STATE	1982	1983	1984	1985	1986
ALABAMA	829,981	1,994,932	2,438,079	1,208,116	4,158,370
ALASKA	113,964	211,988	382,922	364,352	730,773
ARIZONA		389,357	748,557	1,061,518	1,735,826
ARKANSAS	678,754	1,103,566	1,386,548	1,885,782	1,536,308
CALIFORNIA	47,278,536	35,033,947	34,378,912	34,926,396	45,060,352
COLORADO	1,318,097	3,016,164	2,771,764	2,392,579	3,096,581
CONNECTICUT	6,989,387	4,459,263	4,193,916	4,223,787	5,696,090
DELAWARE	44,978	169,929	1,113,150	1,284,104	1,270,313
DISTRICT OF COLUMBIA	986,913	866,848	694,106	746,926	761,360
FLORIDA	47,460	1,979,829	2,932,974	3,937,836	9,782,072
GEORGIA	17,724	1,829,893	2,684,691	3,710,746	6,561,813
GUAM		13,498	20,822	13,562	
HAWAII	311,338	816,566	986,024	846,387	1,079,724
IDAHO	1,492,988	1,183,109	1,199,309	1,203,827	1,428,403
ILLINOIS	3,522,114	4,924,565	8,691,417	9,018,581	13,808,087
INDIANA	1,278,354	4,939,883	8,537,166	8,975,438	11,780,348
IOWA	4,328,872	5,526,322	6,503,704	6,783,766	8,886,846
KANSAS	2,685,617	2,929,333	2,634,443	2,904,537	3,460,795
KENTUCKY	2,168,561	1,165,135	2,043,980	2,298,529	3,099,365
LOUISIANA	1,476,863	1,536,006	1,958,915	2,487,475	4,443,087
MAINE	664,374	1,844,168	2,116,258	2,126,207	2,483,995
MARYLAND	7,912,475	5,687,769	6,333,562	6,118,488	9,425,858
MASSACHUSETTS	2,139,366	3,324,872	2,992,203	4,224,674	4,759,597
MICHIGAN	20,928,752	18,249,916	19,174,089	20,013,492	27,204,569
MINNESOTA	7,848,881	5,575,703	5,929,460	5,904,029	6,967,590
MISSISSIPPI	1,055,579	1,019,233	1,539,952	1,974,454	2,161,479
MISSOURI	6,487,952	4,288,944	4,697,129	4,849,186	7,124,967
MONTANA	177,985	431,107	610,862	897,859	1,151,151
NEBRASKA		501,968	784,106	1,204,872	1,240,436
NEVADA	428,182	349,403	366,336	389,849	477,143
NEW HAMPSHIRE	474,129	796,639	545,252	662,364	1,396,108
NEW JERSEY	9,348,364	9,458,395	10,232,231	11,449,337	13,831,313
NEW MEXICO	286,492	533,226	702,294	1,319,407	1,719,089
NEW YORK	7,445,728	9,945,365	8,247,939	11,996,379	17,419,887
NORTH CAROLINA	39,888	4,234,868	4,616,796	4,290,793	7,961,568
NORTH DAKOTA	320,818	351,782	560,929	534,448	774,297
OHIO	649,869	2,885,540	5,145,031	7,229,818	8,705,343
OKLAHOMA	49,695	782,729	1,796,087	2,178,562	2,519,402
OREGON	7,069,119	3,782,458	3,920,661	3,566,932	5,479,093
PENNSYLVANIA	2,304,759	6,112,433	13,567,884	13,949,899	17,430,478
PUERTO RICO		1,792	22,852	13,047	
RHODE ISLAND	87,631	838,928	742,859	775,077	967,250
SOUTH CAROLINA	135,404	367,589	719,987	832,341	1,238,379
SOUTH DAKOTA	275,351	374,463	510,993	623,409	900,309
TENNESSEE	41,591	641,997	1,221,963	1,591,819	2,178,356
TEXAS		3,906,448	4,994,786	5,927,713	9,757,448
UTAH	3,635,336	2,939,972	2,558,126	2,764,993	2,992,094
VERMONT	1,245,088	611,431	590,963	748,212	946,258
VIRGIN ISLANDS					
VIRGINIA	1,435,103	1,674,408	1,946,585	3,532,487	3,704,510
WASHINGTON	3,881,125	4,277,743	5,083,842	6,280,914	7,989,119
WEST VIRGINIA	258,507	1,037,796	1,595,140	1,823,086	1,913,420
WISCONSIN	6,340,859	6,265,914	5,182,946	7,973,405	9,597,270
WYOMING	169,595	221,757	191,272	280,427	387,719
NATIONWIDE TOTALS	168,067,712	175,021,887	204,761,048	229,797,947	307,831,986

SOURCE: SPECIAL COLLECTIONS UNIT, OCSE

IMMEDIATE WAGE WITHHOLDING

Currently, as a result of the Child Support Enforcement Amendments of 1984, States must initiate wage withholding in any child support case in which overdue support equals the amount payable for one month. This means that withholding must be initiated when one month's support obligation is one day late. Wage withholding may be initiated earlier at State option or at the request of the absent parent. Therefore, current Federal law allows immediate wage withholding. To date, thirty-three States have certified that they are using wage withholding in child support cases. Only 3 States currently use, or will soon, use immediate wage withholding. Several others are considering legislation to mandate immediate wage withholding.

We recognize the potential benefits and problems associated with immediate wage withholding. On the one hand, it ensures regular payment of child support obligations when the responsible individual is employed and it can be seen as destigmatizing the process of wage withholding because every individual who owes child support is subject to it. On the other hand, it places an additional burden on employers and possibly interferes with voluntary parental compliance without government intervention.

Because our current wage witholding requirement is so new, we believe it would be prudent to measure its impact before endorsing a shift to immediate wage withholding. A study of State practice, including States which have implemented or intend to implement immediate wage withholding, as well as the impact on child support enforcement efforts of State withholding systems, many of which have just recently been implemented, seems warranted.

Senator **Moynihan**. Our next witness is the Honorable Jane Maroney, who is a representative of the Delaware State Legislature, and who will be speaking to us on behalf of the National Conference of State Legislatures. I have noticed here that we have heard from Governors, we have heard from Mayors, we have heard from counties. Now, we are going to hear from the folks who write the laws.

We welcome you, Ms. Maroney. Senator Roth cannot be here today and asked that I welcome you. Is that Ms. Paikin with you?

Ms. **Maroney**. Thank you, Mr. Chairman. Ms. Paikin will be testifying, I think, on the next round of panels.

Senator **Moynihan**. All right. Senator Roth cannot be here. He is attending a retreat, if you can believe it, of the Select Committee on Intelligence with other members of that committee. They have gone off into a bubble somewhere to talk about that subject matter. So, we welcome you.

Could you introduce your associate.

Ms. **Maroney**. I will be happy to, Senator Moynihan. I have with me Joy Johnson Wilson, who is Staff Director of the National Conference of State Legislatures, Health and Human Services Committee, in the Washington office.

Senator **Moynihan**. Thank you. Ms. Wilson, we welcome you.

STATEMENT OF HON. JANE MARONEY, REPRESENTATIVE, DELAWARE STATE LEGISLATURE, ON BEHALF OF NATIONAL CONFERENCE OF STATE LEGISLATURES, ACCOMPANIED BY JOY JOHNSON WILSON, STAFF DIRECTOR, HEALTH AND HUMAN SERVICES COMMITTEE, NATIONAL CONFERENCE OF STATE LEGISLATURES

Ms. **Maroney**. I can speak to you about the Delaware experience; Joy Wilson can speak for the 49 other States.

It is a great delight, Senator Moynihan, for Delaware to be invited. As you indicated, Governor Castle appeared before your committee. Most recently, I had an opportunity to talk to him after dinner, last night, and I understand that he and you are going to be doing a dog and pony show some time this evening on some of these same subjects during the NGA meeting here this weekend.

To identify myself, I have been a long supporter of child support, working since 1979 with the National Conference of State Legislatures and particularly with a very honored individual from whom you will hear later, Carolyn Kastner, in the next round of panelists. In addition to working with NCSL, I do chair the committee in the House of Representatives in Delaware that deals with health, human resources, and issues that deal particularly with children. And now I have been moved into Representative Pepper's group. I will be responsible for the elderly as well. It is both ends of the age spectrum. But what drew my attention specifically to Delaware's position in this whole arena was being appointed by Governor DuPont to chair Delaware's Commission on Child Support Enforcement during the past two years. It is from that background that I speak with you today.

As the number of single-parent, female heads of household continues to increase, due in part to divorce, separation, and the growing number of teen mothers who choose to keep and raise their children without marrying, the issue of child support enforcement becomes increasingly important.

Today, more than 40 percent of the single-parent households headed by a woman live in poverty. These households are four times as likely to live in poverty as similiarly situated two-parent households.

Parents must accept the primary financial responsibility for their children. We as public policy-makers must establish child support as an entitlement to children. Absent parents must be made to understand that child support payments are mandatory, not discretionary. We must seek and receive a commitment from parents to provide this most basic care for their children. This commitment does not exist today.

Far too many of our nation's children are receiving Government assistance, with our Government acting as a second parent when a living and able-bodied absent parent should be serving in that capacity. In househsholds where the father is absent, 42 percent of the women with children left behind lack court orders or other agreements for child support.

Of the 58 percent that have court orders, only 25 percent receive the full amount ordered. Many of these absent parents are financially able to contribute to the welfare of their children, but choose not to. We cannot afford to tolerate this kind of irresponsibility. Children of divorce deserve and should receive the financial support of both parents.

Likewise, a decision not to marry the mother of a child should not relieve a man of his responsibility to support that child. We must vigorously pursue this support on behalf of the millions of children who are suffering unnecessarily; and in order to accomplish this, we need the continuing Federal support for program administration, which you just had a discussion with Mr. Stanton about, and I cheer your enthusiasm for that activity.

We must also make certain that the system is fair, equitable, and swift. Before I go into the experience of Delaware's history with guidelines, I would like to introduce something that I didn't think of as an issue that impacted welfare. As we all know, parents are responsible for providing for their children's support up to the age of majority, or age 18. It seems to me totally inappropriate for a child born into a marriage which, if that marriage had survived, that child normally would be expected to attend some kind of educational activity after high school. And while that is not mandated in the law because of our age of majority situation, I think that judges, courts and States ought to be taking that into consideration as they develop their guidelines. I am drafting legislation in Delaware to make that mandatory, but I know that that is not going to be easy to accomplish. Certainly we should raise the expectations of people that there is a responsibility in those circumstances to continue a child's education.

Now, I will go a little bit into how Delaware came to be the first State in child support. Prior to July 29, 1974, in the State of Delaware, the law provided that the father had sole responsibility of supporting minor children, whether or not he was the custodial parent. There were separate family courts in each of Delaware's three counties. The child support orders often bore no relationship either to the father's ability to pay or the legitimate needs of the child. Under that system, two fathers with the same income would be ordered to pay widely differing amounts of support for the same number of children.

Inequities such as these have not served the system well. It is important that we as the policy-makers make every effort to develop a system that is considered fair and addresses family situations that are common now but were rather unique just a few years ago. In July of 1974, the Delaware General Assembly changed the law to provide that the father and the mother are joint natural custodians of their minor children and are equally charged with the children's support, care, nurture, welfare, and education, each having equal powers and duties with respect to the child and neither having any right or presumption of right or fitness superior to the right of the other concerning the children's custody or any other matter affecting the children.

The adoption of this law forced a complete change in the operations of Delaware's Family Court which establishes and enforces support orders against absent parents. It also forced the courts to address the equity issue in their effort to treat both parents fairly. Early in 1976, Family Court Judge Ellwood Melson began working with a formula that he thought would more equitably determine the amount of support each parent should pay. He began to apply his formula in cases coming before him daily, refining it as he went along.

The formula soon became known as the "Melson formula" and was adopted by other Family Court judges in the State.

In January of 1979, all judges in Delaware State-wide Family Court systems signed an agreement to uniformly apply the "Melson formula" in all cases where its application was appropriate. Delaware has used that formula State-wide since 1979. It is a comprehensive guideline, using net income as the starting point. It treats child care expenses, extraordinary medical expenses, and educational expenses separately; and it has adjustments for shared and split custody with the presence of new spouses or cohabitees and their children or other children. The "Melson formula" creates a rebutable presumption.

The formula is based on the assumption that both parents work, except in the case of a custodial parent with pre-school age children. It attempts to provide the parent with sufficient income to address their basic needs, to facilitate employment and to provide for the basic needs of the children before the parents may attain any more income. Any such additional income is to be divided equitably between the parents and the children so that the latter may benefit from the absent parent's higher standard of living.

The court may attribute earnings in cases where the court determines a parent is not earning to capacity, for instance in the case of a lawyer who stops taking cases to reduce his income. Conversely, where a party has remarried and does not have to work or chooses not to, the court may attribute up to 50 percent of the earnings of the new spouse for inclusion in the formula.

In addition to primary need, the Melson formula adds a standard of living adjustment in cases where incomes warrant it, after deduction of the self-support and primary support needs of the absent parent. In cases where the parents are wealthy, an additional optional supplement support can be ordered. In cases where there is not sufficient income on the part of either or both parents, as in the case of most AFDC cases, the court uses its discretion to provide for an equitable level of support.

We are proud of the progress made in our system in Delaware, but I would like to cite to you very briefly some statistics which I know Governor Castle sent along to your staff following his testimony; but I do think that they may bear some weight in this testimony.

Senator MOYNIHAN. Ms. Maroney, would you just take your time? We are very interested in your testimony; it is very important.

Ms. MARONEY. I am trying to keep within 10 minutes, Senator. I also have a briefing at the State Department at 12:00, and I am trying very hard to get there and be on time. [Laughter.]

But I think these facts are significant as Delaware makes its presentation in your overall activity, which I didn't have an opportunity to congratulate you on, but I feel that child support is the basis of everything that Government needs to be thinking and doing about poor children; and everything else needs to be added onto that.

To get back to the statistics, in 1983 the U.S. Bureau of the Census painted a startling picture. Of 8.4 million female head of households in 1982, one million—or about 12 percent—received as little as $200.00 in child support over the full year. Another 1.9 million got an average of $25.00 a week. The remaining 5.5 million received nothing.

In 1985, 86 percent of the female head of households nationally received no payments through a child support agency.

Senator MOYNIHAN. 86 percent?

Ms. MARONEY. 86 percent received no payments through a child support agency. Delaware fared only slightly better with 74 percent. Delaware's Child Support Enforcement Agency has shown consistent increases in child support collections over the past six years. Between 1980 and 1986, annual child support collections rose some $7 million to $13 million, an increase of approximately 90 percent. Delaware's child support program is very cost efficient. In fiscal year 1985, it ranked fifth in the nation in dollars collected per dollar spent. Our legislature has convinced two Governors that that is a real investment, and we have been able to increase our numbers of employees—trained employees—who make that system better. We are very proud of that.

We have met or exceeded the national average in three out of five fiscal years between 1981 and 1985. In 1985, the State collected $5.62 of each dollar spent, while the national average for that year was $3.31.

I want to spend one-third of a second on the issue of wage attachments. We feel in Delaware that wage attachments represent the most effective tool for enforcing the payment of child support. In 1986, the division has capitalized on recent legislation which was written by the commission—which Ms. Paikin and I share a large responsibility for—and we reported a 127 percent increase in the number of wage attachments issued.

If I may digress for another moment in response to Senator Bradley's observation about the up-front wage attachment, we have a seven-day arrearage where it is mandated; but we tried to do it up front. And we were ridden out of town on a horse. I can tell you that the Chamber of Commerce got after us, and every former legislator who was not happy about paying alimony and other monetary fees to former spouses just objected to that. But we are going to stick with it. We are going back at it as soon as we possibly can do that.

Senator MOYNIHAN. You mean you have a conflict of interest right there in the State House?

Ms. MARONEY. Oh, indeed, over more matters than just child support, of course. [Laughter.]

Senator MOYNIHAN. We thank you for extraordinarily clear testimony. And our congratulations to Judge Melson. I hope he prospers. How many States have followed your lead? And I gather that you are the first to have made the father and mother joint natural custodians, equally charged with child support care and the welfare of the children?

Ms. MARONEY. Again, I would offer the well-developed testimony that I think both Ms. Paikin and Ms. Kastner will be able to put forth on a national level. What I can also share with you is that the consideration by the judges of joint legal custody has been in place for a long time. We now have a bill before the House, which I reviewed in committee yesterday, mandating that joint legal custody be the first consideration that judges offer in these cases.

I expect that there will be enormous pressure to keep it voluntary.

Senator MOYNIHAN. But that is a good concept.

Ms. MARONEY. Indeed.

Senator MOYNIHAN. I am watching the clock because of your 12:00 meeting at the State Department. Senator Durenberger?

Senator DURENBERGER. I have just been reminded of the time constraints——

[Laughter.]

Ms. MARONEY. Senator Durenberger, it is great to see you again. I am still looking for a little money for health planning, though. If you could ship a little in, we will find a way to spend it. [Laughter.]

Senator MOYNIHAN. I can see why Delaware does well. [Laughter.]

Thank you, Ms. Wilson, for joining us and Ms. Maroney.

Ms. MARONEY. Thank you very much, Senator.

Senator MOYNIHAN. Now, we are going to hear from a panel representing the National Association of Counties. We have Ms. Paula MacIlwaine, the Commissioner from Montgomery County, Ohio and Chairman of the NACO Work and Welfare Task Force; and Mr. Kevin P. Kenney, who is Associate County Administrator, Bureau of Social Services, Hennepin County, Minneapolis, Minnesota. We welcome you, Ms. MacIlwaine, and Mr. Kenney. Each of you have brought associates with you. Perhaps you would be kind enough to introduce them to the committee.

[The prepared statement of Ms. Maroney follows:]

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President Irving J. Stolberg
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Earl S. Mackey

STATEMENT OF

REPRESENTATIVE JANE MARONEY

DELAWARE GENERAL ASSEMBLY

ON BEHALF OF THE

NATIONAL CONFERENCE OF STATE LEGISLATURES

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

COMMITTEE ON FINANCE

U.S. SENATE

February 20, 1987

Denver Office: 1050 17th Street • Suite 2100 • Denver, Colorado 80265 • 303/623-7800

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE:

IT IS A PLEASURE TO BE HERE TODAY IN SUCH DISTINGUISHED COMPANY TO DISCUSS AN ISSUE THAT IS OFTEN NEGLECTED IN DISCUSSIONS ON WELFARE REFORM. I AM JANE MARONEY, STATE REPRESENTATIVE FROM THE STATE OF DELAWARE, AND CHAIR OF THE HOUSE COMMITTEE ON HUMAN SERVICES, CHILDREN AND THE ELDERLY. IT IS ON BEHALF OF THE NATIONAL CONFERENCE OF STATE LEGISLATURES (NCSL) THAT I APPEAR BEFORE YOU TODAY.

I AM PARTICULARLY PLEASED TO BE HERE TO TALK ABOUT CHILD SUPPORT ENFORCEMENT AND ITS PLACE IN ONGOING DISCUSSIONS ON WELFARE REFORM. AS THE NUMBER OF SINGLE-PARENT, FEMALE-HEADED HOUSEHOLDS CONTINUES TO INCREASE, DUE IN PART TO DIVORCE, SEPARATION AND THE GROWING NUMBER OF TEEN MOTHERS WHO CHOOSE TO KEEP AND RAISE THEIR CHILDREN WITHOUT MARRYING, THE ISSUE OF CHILD SUPPORT ENFORCEMENT BECOMES INCREASINGLY IMPORTANT. TODAY NEARLY 40 PERCENT OF THE SINGLE-PARENT HOUSEHOLDS HEADED BY A WOMAN LIVE IN POVERTY. THESE HOUSEHOLDS ARE FOUR TIMES AS LIKELY TO LIVE IN POVERTY AS SIMILARLY SITUATED TWO-PARENT HOUSEHOLDS.

PARENTS MUST ACCEPT THE PRIMARY FINANCIAL RESPONSIBILITY FOR THEIR CHILDREN. WE AS PUBLIC POLICYMAKERS MUST ESTABLISH CHILD SUPPORT AS AN ENTITLEMENT TO CHILDREN. ABSENT PARENTS MUST BE MADE TO UNDERSTAND THAT CHILD SUPPORT PAYMENTS ARE MANDATORY, NOT DISCRETIONARY. WE MUST SEEK AND RECEIVE A COMMITMENT FROM PARENTS TO PROVIDE THIS MOST BASIC CARE FOR THEIR CHILDREN. THIS COMMITMENT DOES NOT EXIST TODAY.

FAR TOO MANY OF OUR NATION'S CHILDREN TODAY ARE RECEIVING GOVERNMENT ASSISTANCE, HAVE GOVERNMENT ACTING AS A SECOND PARENT, WHEN A LIVING AND

ABLE-BODIED ABSENT PARENT SHOULD BE SERVING IN THAT CAPACITY. IN HOUSEHOLDS WHERE THE FATHER IS ABSENT, 42 PERCENT OF THE WOMEN WITH CHILDREN LEFT BEHIND LACK COURT ORDERS OR OTHER AGREEMENTS FOR CHILD SUPPORT.

OF THE 58 PERCENT THAT HAVE COURT ORDERS, ONLY 25 PERCENT RECEIVE THE FULL AMOUNT ORDERED. MANY OF THESE ABSENT PARENTS ARE FINANCIALLY ABLE TO CONTRIBUTE TO THE WELFARE OF THEIR CHILDREN, BUT CHOOSE NOT TO. WE CANNOT AFFORD TO TOLERATE THIS KIND OF IRRESPONSIBILITY. CHILDREN OF DIVORCE DESERVE AND SHOULD RECEIVE THE FINANCIAL SUPPORT OF BOTH PARENTS. LIKEWISE, A DECISION NOT TO MARRY THE MOTHER OF A CHILD SHOULD NOT RELIEVE A MAN OF HIS RESPONSIBILITY TO SUPPORT THAT CHILD. WE MUST VIGOROUSLY PURSUE THIS SUPPORT ON BEHALF OF THE MILLIONS OF CHILDREN WHO ARE SUFFERING UNNECESSARILY. WE MUST ALSO MAKE CERTAIN THAT THE SYSTEM IS FAIR, EQUITABLE AND SWIFT.

PRIOR TO JULY 29, 1974, IN THE STATE OF DELAWARE, THE LAW PROVIDED THAT THE FATHER HAD THE SOLE RESPONSIBILITY OF SUPPORTING MINOR CHILDREN, WHETHER OR NOT HE WAS THE CUSTODIAL PARENT. THERE WERE SEPARATE FAMILY COURTS IN EACH OF DELAWARE'S THREE COUNTIES, AND CHILD SUPPORT ORDERS OFTEN BORE NO RELATIONSHIP TO EITHER THE FATHER'S ABILITY TO PAY OR THE LEGITIMATE NEEDS OF THE CHILD. UNDER THAT SYSTEM, TWO FATHERS WITH THE SAME INCOME WOULD BE ORDERED TO PAY WIDELY DIFFERING AMOUNTS OF SUPPORT FOR THE SAME NUMBER OF CHILDREN. INEQUITIES SUCH AS THESE HAVE NOT SERVED THE SYSTEM WELL. IT IS IMPORTANT THAT WE AS PUBLIC POLICY-MAKERS MAKE EVERY EFFORT TO DEVELOP A SYSTEM THAT IS CONSIDERED FAIR AND THAT ADDRESSES FAMILY SITUATIONS THAT ARE COMMON NOW, BUT WERE RATHER UNIQUE JUST A FEW YEARS AGO.

IN JULY 1974, THE DELAWARE GENERAL ASSEMBLY CHANGED THE LAW TO PROVIDE THAT THE FATHER AND THE MOTHER ARE JOINT NATURAL CUSTODIANS OF THEIR MINOR CHILDREN, AND ARE EQUALLY CHARGED WITH THE CHILDREN'S SUPPORT, CARE, NURTURE, WELFARE, AND EDUCATION. EACH HAVING EQUAL POWERS AND DUTIES WITH RESPECT TO THE CHILD, AND NEITHER HAVING ANY RIGHT, OR PRESUMPTION OF RIGHT OR FITNESS, SUPERIOR TO THE

RIGHT OF THE OTHER CONCERNING THE CHILDREN'S CUSTODY OR ANY OTHER MATTER AFFECTING THE CHILDREN. THE ADOPTION OF THIS LAW FORCED A COMPLETE CHANGE IN THE OPERATIONS OF DELAWARE'S FAMILY COURT, WHICH ESTABLISHES AND ENFORCES SUPPORT ORDERS AGAINST ABSENT PARENTS. IT ALSO FORCED THE COURTS TO ADDRESS THE EQUITY ISSUE IN THEIR EFFORT TO TREAT BOTH PARENTS FAIRLY.

EARLY IN 1976, FAMILY COURT JUDGE ELLWOOD MELSON BEGAN WORKING WITH A FORMULA THAT HE THOUGHT WOULD MORE EQUITABLY DETERMINE THE AMOUNT OF SUPPORT EACH PARENT SHOULD PAY. HE BEGAN TO APPLY HIS FORMULA IN CASES COMING BEFORE HIM DAILY, REFINING IT AS HE WENT ALONG. THE FORMULA SOON BECAME KNOWN AS THE MELSON FORMULA AND WAS ADOPTED BY OTHER FAMILY COURT JUDGES. IN JANUARY 1979, ALL JUDGES IN DELAWARE'S STATEWIDE FAMILY COURT SYSTEM SIGNED AN AGREEMENT TO UNIFORMLY APPLY THE MELSON FORMULA IN ALL CASES WHERE ITS APPLICATION WAS APPROPRIATE.

DELAWARE HAS USED THE "MELSON FORMULA" STATEWIDE SINCE 1979. IT IS AUTHORIZED UNDER THE FAMILY COURT RULE 271(c). THE MELSON FORMULA IS A COMPREHENSIVE GUIDELINE USING NET INCOME AS THE STARTING POINT. IT TREATS CHILD CARE EXPENSES, EXTRAORDINARY MEDICAL EXPENSES, AND EDUCATIONAL EXPENSES SEPARATELY, AND IT HAS ADJUSTMENTS FOR SHARED AND SPLIT CUSTODY AND FOR THE PRESENCE OF NEW SPOUSES OR COHABITEES AND OTHER CHILDREN. THE MELSON FORMULA CREATES A REBUTTABLE PRESUMPTION.

THE FORMULA IS BASED ON THE ASSUMPTION THAT BOTH PARENTS WORK, EXCEPT IN THE CASE OF CUSTODIAL PARENTS WITH PRESCHOOL AGED CHILDREN. IT ATTEMPTS TO PROVIDE THE PARENTS WITH SUFFICIENT INCOME TO ADDRESS THEIR BASIC NEEDS, TO FACILITATE EMPLOYMENT; AND TO PROVIDE FOR THE BASIC NEEDS OF THE CHILDREN BEFORE THEPARENTS MAY RETAIN ANY MORE INCOME. ANY SUCH "ADDITIONAL INCOME" IS TO BE DIVIDED EQUITABLY BETWEEN THE PARENTS AND THE CHILDREN SO THAT THE LATTER MAY BENEFIT FROM THE ABSENT PARENT'S HIGHER STANDARD OF LIVING.

THE COURT MAY ATTRIBUTE EARNINGS IN CASES WHERE THE COURT DETERMINES A PARENT IS NOT EARNING TO CAPACITY, FOR INSTANCE IN THE CASE OF A LAWYER WHO STOPS TAKING CASES TO REDUCE HIS INCOME. CONVERSELY, WHERE A PARTY HAS REMARRIED AND DOES NOT HAVE TO WORK OR CHOOSES NOT TO, THE COURT MAY ATTRIBUTE UP TO 50 PERCENT OF THE EARNINGS OF THE NEW SPOUSE FOR INCLUSION IN THE FORMULA. IN ADDITION TO PRIMARY NEED, THE MELSON FORMULA ADDS A STANDARD OF LIVING ADJUSTMENT IN CASES WHERE INCOMES WARRANT IT, AFTER DEDUCTION OF THE SELF-SUPPORT AND PRIMARY SUPPORT NEEDS OF THE ABSENT PARENT. IN CASES WHERE THE PARENTS ARE WEALTHY, AN ADDITIONAL OPTIONAL SUPPLEMENTAL SUPPORT CAN BE ORDERED. IN CASES WHERE THERE IS NOT SUFFICIENT INCOME ON THE PART OF EITHER OR BOTH PARENTS, AS IS THE CASE IN MOST AFDC CASES, THE COURT USES ITS DISCRETION TO PROVIDE FOR AN EQUITABLE LEVEL OF SUPPORT.

WE ARE PROUD OF OUR SYSTEM IN DELAWARE. WE HAVE MADE EVERY EFFORT TO CONSIDER EVERY RELEVANT FACTOR AND TO BE FAIR. CLEARLY, THE MORE EFFICIENT AND EFFECTIVE OUR CHILD SUPPORT ENFORCEMENT EFFORTS ARE, THE MORE FAMILIES WE CAN KEEP OUT OF THE "WELFARE SYSTEM." SINGLE MOTHERS THAT WANT TO WORK FACE A MYRIAD OF CHALLENGES, MANY OF THEM FINANCIAL. CHILD SUPPORT PAYMENTS CAN LIBERATE FUNDS, THAT WOULD OTHERWISE BE USED FOR THE BASIC SUPPORT OF THEIR CHILDREN, PAY FOR THE SUPPORT SERVICES, SUCH AS CHILD CARE, NECESSARY TO HOLD DOWN FULL-TIME JOBS.

IT IS IMPORTANT THAT POLICY-MAKERS AT ALL LEVELS OF GOVERNMENT MAKE A COMMITMENT TO MAKE THE CHILD SUPPORT SYSTEM WORK. WE MUST BE EQUALLY DILIGENTIN OUR EFFORTS TO ENSURE EQUITY. IT IS IMPERATIVE THAT THE FACTORS THAT GO INTO A CHILD SUPPORT GUIDELINE FORMULA BE CAREFULLY CONSIDERED AND TESTED. THE KEY TO A SUCCESSFUL SYSTEM IS TO ESTABLISH ONE THAT IS SWIFT AND FAIR AND THAT CAN ADJUST TO CHANGES IN FAMILY CIRCUMSTANCE.

THE NATIONAL CONFERENCE OF STATE LEGISLATURES (NCSL) HAS A LONGSTANDING COMMITMENT TO IMPROVING THE EFFECTIVENESS AND EFFICIENCY OF THE CHILD SUPPORT

ENFORCEMENT PROGRAM. THE CONFERENCE HAS HAD A CHILD SUPPORT ENFORCEMENT PROJECT WHICH PROVIDES TECHNICAL ASSISTANCE AND INFORMATION TO STATE LEGISLATURES SINCE 1979. MOST RECENTLY, THE PROJECT HAS BEEN ASSISTING STATE LEGISLATURES BRING THEIR LAWS INTO COMPLIANCE WITH THE 1984 CHILD SUPPORT AMENDMENTS. WE ARE BRINGING THAT PROCESS TO A CLOSE AND ARE NOW ASSISTING STATES GO BEYOND THE REQUIREMENTS IN THE 1984 AMENDMENTS TO FURTHER IMPROVE THEIR PROGRAMS. IN ADDITION, PROJECT STAFF WILL BE WORKING CLOSELY WITH LEGISLATIVE FISCAL OFFICERS ACROSS THE COUNTRY, BRIEFING THEM ON THE PROGRAM BASICS AND ON THE FISCAL IMPLICATIONS OF IMPROVED CHILD SUPPORT COLLECTIONS. WE HOPE THAT YOU WILL CALL UPON OUR PROJECT STAFF IF YOU THINK THEY CAN BE OF ASSISTANCE IN YOUR EFFORTS. AT THIS TIME I WOULD LIKE TO SEEK THE CHAIRMAN'S PERMISSION TO SUBMIT A COPY OF A REPORT, PREPARED BY OUR CHILD SUPPORT PROJECT STAFF, ON STATE CHILD SUPPORT GUIDELINES, FOR INCLUSION IN TODAY'S HEARING RECORD.

ON BEHALF OF NCSL I THANK YOU FOR THIS OPPORTUNITY TO SHARE OUR VIEWS WITH YOU. THE CONFERENCE LOOKS FORWARD TO WORKING WITH YOU OVER THE COMING MONTHS AS YOU DEVELOP LEGISLATION AND AS WE DEVELOP OUR PLATFORM ON WELFARE REFORM. YOU CAN BE CERTAIN THAT NCSL WILL ADDRESS THIS ISSUE IN ITS WELFARE REFORM PLATFORM.

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CHILD SUPPORT GUIDELINES

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INTRODUCTION

In an effort to improve child support enforcement programs across the nation, the Congress enacted the Child Support Enforcement Amendments of 1984 (P.L. 98-378). As part of this legislation, states were required to adopt guidelines to be used in the determination of child support award amounts by October 1987. This report briefly describes the research that has been done on the cost of raising children and the subsequent development of child support standards. In addition, the report includes: (1) a discussion of the three most common kinds of guidelines, with examples of how they work in different family configurations; (2) a brief discussion on the modification of support orders using child support guidelines; and finally, (3) a summary of the existing child support guidelines in the 50 states.

A considerable body of statistical data exists on expenditures on children. These include the research of the Family Economic Research Group of the U.S. Department of Agriculture and the Bureau of Labor Statistics. This underlying body of data has been analyzed and refined by a variety of scholars, most notably Thomas J. Espenshade. Two principles have evolved from this research. First, the only "cost" of a child that can be established relatively unambiguously is food. Even apparently straight forward items like clothing vary tremendously based upon quantity and quality. Even more difficult to determine are the costs for items such as shelter, which are necessarily shared with custodians and must be allocated. The second principle is that the most reliable indicator of expenditures on children is total family income. In general, parents spend more money on their children as their income increases. While this is not a directly proportional relationship, it can be calculated in a meaningful manner.

The resulting conclusion is that it is possible to place children in a position roughly equivalent to that which would have existed had their parents not divorced by basing support on the amount of money an intact family with the same combined income would spend on a child. The charts below illustrate these principles. The data has been drawn primarily from Mr. Espenshade and the U.S. Census Bureau.

Chart A	sets out the poverty standards for different sized families. As children are added, the grant is increased by a similar dollar figure --$157.00 in 1986--for each child. This way of determining the cost of children is contrary to conventional wisdom, which would put a greater figure in for the first child and decrease it as the number of children increases.
Chart B	presents Espenshade's figures for expenditures on children for low, middle, and high income families. Please note this represents 1981 dollars.
Chart C	shows the proportion of net income spent based on seven income brackets. All three sizes of families show a drop in this percentage as the family income increases.
Chart D	shows where the money goes for the average middle income family.
Chart E	seeks to bring together several relevent figures to compare with the cost of child raising estimates. Even though the expenditures column is in 1981 dollars and would thus be higher now, the chart still illustrates how even a full collection under an existing child support guideline would fall short of Espenshade's estimates.

CHART A

U. S. POVERTY GUIDELINE
FOR 1986

FAMILY SIZE	MONTHLY $	PER CHILD
1	$447	
2	$603	
3	$760	$157
4	$917	$157
5	$1,073	$157
6	$1,230	$157

CHART B

ESTIMATED MONTHLY EXPENDITURES ON CHILDREN

BIRTH TO EIGHTEENTH BIRTHDAY

	Low Income	Middle Income	High Income
Espenshade (1981 Dollars)			
One child	$447	$492	$ 585
Two children	694	763	910
Three children	870	956	1141

CHART C

PROPORTION OF NET INCOME SPENT ON CHILDREN
BY INCOME LEVEL

	$8,499 or less	$ 8,500-12,249	$12,250-16,499	$16,500-19,999	$20,000-27,999	$28,000-39,499	$39,500+
One Child	26.0	25.5	23.6	21.5	20.7	19.4	16.2
Two Children	40.4	39.6	36.6	33.4	32.2	30.1	25.2
Three Children	50.6	49.6	45.9	41.9	40.3	37.7	31.6

COSTS OF CHILD REARING

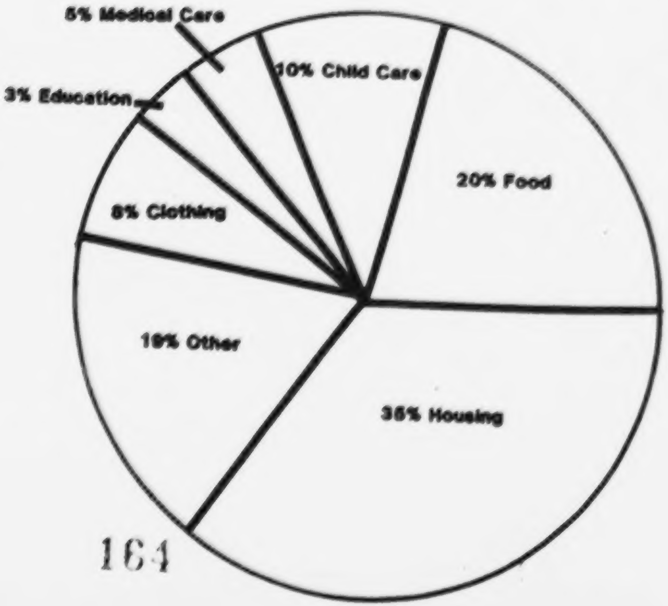
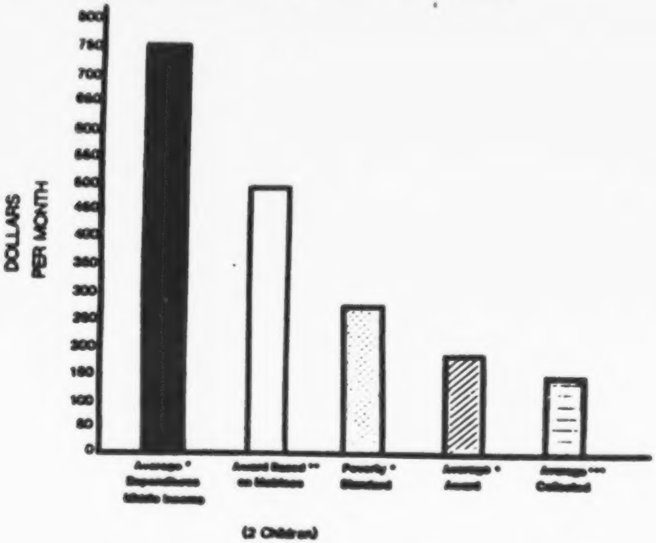


CHART D

CHART E

CHILD SUPPORT NEEDS VS. CHILD SUPPORT AWARDS



* Robert G. Williams, Supplemental Material on Child Support Formulas (Denver, CO Institute for Court Management of the National Center for State Courts, August 1985).

** Robert G. Williams, Development of Guidelines for Child Support Orders: Final Report, Report to the United States Office of Child Support Enforcement, (Denver, CO National Center for State Courts, forthcoming), p. 3.

*** U.S. Bureau of the Census, Child Support and Alimony: 1983, Supplemental Report, Current Population Report, Special Studies, Series P-23, No. 148 (October 1986), p. 9.

THE CREATION OF A CHILD SUPPORT FORMULA

Just as a varying number of factors affect the cost of raising children, the creation of a guideline for child support awards must take many things into consideration. As family situations become more complex, the number of factors that should be considered in the development of an equitable formula increase as well. Developing formulas to account adequately for these factors is difficult, but can extend their applicability to a wider range of complex situations.Below is a list of such factors and the options that might be considered by policy-makers as they consider the development of child support guidelines.

- Income Base. Gross income versus net income. Gross income simplifies application of the formula. Net income may better reflect the actual dollars available to the obligor.
- Specification of Gross Income. Types of income included; income from self-employment or business income; deviations from IRS definitions; income from assets; non-performing assets.
- Attributed Income. Can base estimates on past work history or income of a second household.
- Day Care Expenses. Effect of child care costs incurred custodial parent(s): include in base amount or treat separately?
- Other Natural/Adopted Children. Impact of other natural or adopted children living in the same households as the obligor; also, treatment of pre-existing child support orders for other dependents of the obligor.
- Income of Current Spouse. Effect of income received by current spouse of obligor or obligee on amount payable by obligor.
- Custody Arrangements. Effects of split custody, joint custody, and shared physical custody on levels of child support.
- Medical Expenses. Effect of medical insurance premiums and other medical expenses: include estimate average in base amount or treat separately?
- Obligations for Stepchildren. Effect of stepchildren on amount owed by obligor (treatment of this factor may hinge on applicable state law concerning financial responsibility for stepchildren).
- Geographic Variation. Effect of intra-state cost of living differentials on determination of child support, particulary for any formulas incorporating fixed dollar amounts.

DESCRIPTION OF THREE CHILD SUPPORT GUIDELINES

There have been many types of child support formulas proposed in the last decade or so, with several of them actually in use. They come under such names as the Cost Sharing Model, the Income Sharing Model, and the Income Equalization model. Below is an examination of the characteristics of the three formulas currently in use in Delaware, Wisconsin and Colorado.

Delaware--The Melson Formula

An example of a hybrid cost sharing/income sharing formula, its approach is to provide the parents with sufficient income for their basic needs to facilitate employment and to provide for the basic needs of the children before the parents may retain any more income. Any such "additional" income is to be divided equitably between the parents and the children so that the latter may benefit from the absent parent's higher standard of living.

The Melson formula creates a rebuttable presumption and is based on net income. It separates day care and medical expenses and considers attribution of income, unusual custody arrangements and the income of a spouse or cohabitee. It does not adjust for the age of the children.

Wisconsin

Wisconsin has used this formula for many years. It is a percentage of income standard based on gross income distributed from the obligor's income as follows:

17%.....one child
25%.....two children
29%.....three children
31%.....four children
34%.....five children or more

The Wisconsin guidelines do not adjust the payments of the obligor to take into consideration the income of the custodial parent, nor does it provide for the attribution of income. It does not treat child care and medical expenses separately, nor does it adjust for age. It does provide for a case by case review of joint custody agreements. Because of its simplicity it is easy to administer and the amount can be determined in advance. The guidelines create a rebuttable presumption and is similar to guidelines used in Washington, Illinois, Minnesota and Iowa. When the court feels the guidelines would yield an inequitable result, these guidelines can be dropped in favor of a system similar to the Melson formula used in Delaware.

Colorado

Colorado enacted its guidelines law in 1986. It is based on the Income Shares model, with its charts placed right into the state code. The model provides a chart to determine the appropriate total expenditures for children of parents with a given level of income. The expenditure level thus derived is then allocated between the parents in proportion to their income, with the custodian's share presumed to be spent directly on the child.

The Colorado guidelines create a rebuttable presumption and must be used in stipulations and voluntary agreements. Current spouse income does not reduce the support obligation. The guidelines are based on gross income and considers attribution of income. It provides for separate treatment of child care and medical expenses and gives extensive consideration to custody situations.

ANALYSIS OF SELECTED FORMULAS

A review of the wide variation in results obtained from these few examples illustrates why it is so important to evaluate formulas carefully. It is important to review a proposed formula against a large and diverse sample of cases before selecting a final version for implementation. Such an analysis can help avoid the kinds of unanticipated results that can otherwise occur when circumstances are encountered that were not considered by the designer's of the formula.

SITUATION #1: Basic Care with Child Care Expenses

Mother and Father are divorced. Father lives alone; Mother and the parties' two children, ages three and five, live together.

Father has a gross monthly income of $1,600 and a net monthly income of 1,150 (based on single filing status with one-exemption). Father also pays union dues of $30 per month and provides health insurance for the children at $25 per month.

Mother has a gross monthly income of $1,200; monthly net of $948. Mother incurs employment-related child care expense of $150 per month.

Formula	Dollars Per Month	% Obligor's Gross Income
Wisconsin	$400.00	25%
Colorado	$424.00	26.5%
Delaware	$356.55	22%

SITUATION #2: Low Income Case

Father has gross monthly income of $900, net monthly income of $756. The two children, ages two and four, live with the mother. Mother does not work and receives and AFDC grant of $295 for herself and the two children, plus a Food Stamp allotment of an additional $110 per month.

Formula	Dollars Per Month	% Obligor's Gross Income
Wisconsin	$225.00	25%
Colorado	$359.00	40%
Delaware	$306.55	34%

SITUATION #3: High Income Case

Father and Mother are divorced. Father lives alone; Mother and the Parties' two children, ages 12 and 14 live together. Father has a monthly gross income of $4,853; monthly net of $3,083. Mother has a monthly gross of $1,500; monthly net of $1,200. Neither party has remarried.

Formula	Dollars Per Month	% Obligor's Gross Income
Wisconsin	$1145.00	25%
Colorado	$810.00	18%
Delaware	$842.53	19%

SITUATION #4: Joint Custody

Mother and Father share joint legal custody of their 14-year-old child. They also share physical custody on a fifty-fifty rotating basis. Neither parent is remarried or cohabitating with an individual in the relation of the husband and wife.

Mother has a monthly gross income of $2,200; monthly net of $1,527. The parents have agreed that Mother will take the tax exemption for the child. Father has monthly gross income of $900; monthly net of $762.

Formula	Dollars Per Month	% Obligor's Gross Income
Wisconsin	$247.00	11%
Colorado	$94.00	4%
Delaware	$100.22	5%

SITUATION #5: Second Families

Mother and Father, now divorced, have two children from their former marriage, ages 7 and 11, who reside with Mother. Both parents are now remarried. Father has a child, age 5, by his present wife.

Father has gross monthly income of $1,400; net monthly income of $1,106 (based on filing status of married with three exemptions). His wife earns $900 per month gross, $762 net. Father and his wife spend $100 per month for child care so that they can work.

Mother has gross monthly income of $800, monthly net of $686 (based on filing status of married with four exemptions). Her husband has a monthly gross income of $1,500 and a net of $1,179.

Formula	Dollars Per Month	% Obligor's Gross Income
Wisconsin	$350.00	25%
Colorado	$339.84	24%
Delaware	$290.58	21%

MODIFICATIONS OF CHILD SUPPORT AWARDS USING GUIDELINES

Even if a support order accurately reflects the needs of the children and the resources of the parents when it is initially set, changes in circumstances which inevitably occur with the passage of time can seriously erode its value and reduce its equity for the parties. There are three factors that have been identified as predictably eroding the value of child support orders:

- Inflation. Even at the lower rates of inflation experienced currently there is a substantial reduction in the real value of a fixed dollar in order over time. For example, at a constant rate of 4 percent inflation, the value of a set child support amount has dropped by 22 percent at the end of five years.

- Income Increases. Personal income normally increases faster than inflation. Moreover, individual workers generally receive even higher raises over time as they mature in the work force and increase their productivity and responsibility on the job. Without an updating process, the child support award does not reflect this increase in parental ability to pay.

- Higher costs of older children. Expenditures on children typically increase as the children grow older, especially in the teenage years. In one such estimate, Espenshade calculated that expenditures are almost 25 percent higher for children in the 12-17 age group than for children at younger ages.

In addition to these factors, other circumstances frequently change which can substantially alter the needs of the child or the ability of one of the parents to provide child support. Such changes might include remarriage of one of the parents, addition of one or more new dependents, illness of the child due support, or a major career improvement by one of the parties. These factors all suggest the need to update child support orders systematically to preserve their initial adequacy and equity.

Although the need for updating is becoming more widely recognized, the nature of the updating process remains an issue. Several mechanisms have been suggested which index orders to inflation, or the lesser of the inflation rate or increase in obligor earnings. While these proposals have considerable merit, there are several drawbacks to the indexing approach. First, a number of courts have rejected escalation provisions that fail to consider all relevent factors. Such decisions note that any modification of orders must take into account the full range of factors used in determining the amount of the initial order. Court decisions have diverged on this point, with some courts setting a less stringent standard, but an updating mechanism that relied only on inflation and/or obligor income would not be acceptable in some jurisdictions. Such a procedure is on the books in Minnesota at Minn. Statutes Section 518.641.

Second, proposals to index orders to the lesser of cost-of-living or increases in obligor income are unnecessarily restrictive. An essential principle underlying development of the formulas is that child support should reflect parental ability to pay so that the child can support should reflect parental ability to pay so that the child can benefit from a parent's higher standard of living. Accordingly, if a parent has an increase in earnings that exceeds the rate of inflation, it is appropriate to re-evaluate the child support order in terms of the new income level. To limit the increase arbitrarily to the inflation rate would unfairly deny the child access to the increased potential for support by that parent.

To the extent that the inflation rate is a proxy for increased ability to pay in individual cases, indexing would be considerably better than not updating orders at all. But the inflation rate is not otherwise a particularly relevant factor in the determination of an equitable modification to an existing child support order. If the inflation rate exceeds the increase in obligor earnings, use of the inflation rate would be inequitable to the obligor. If obligor earnings increase faster than inflation, limiting the increase to the inflation rate would result in an inadequate order for the child. If there have been significant changes in other circumstances of a parent or the child, the changes may have greater relevance for the level of a new order than either the inflation rate or the actual change in income.

A more comprehensive approach to updating child support is to re-apply a formula, preferably the same one that is used for setting initial awards. This takes into account changes is all factors considered by the formula rather than focusing only on one or two variables. In states that have implemented formulas, the re-application of the formula is the mechanism used for modifications of child support. The Delaware Family Court, for example, recalculates support using the Melson Formula when a modification to an existing order is requested. Under its Uniform Child Support Guidelines, Washington state recommends that annual adjustment provisions be included in all orders of child support. In Wisconsin, legislation permits orders to be set as a percentage of obligor gross income. Since the required payment varies with increases and decreases in income, no special adjustment formula is needed.

However, very few procedures exist for the modification of a support order other than a return trip to court by both parties involved. Courts and child support enforcement agencies may be resistant to the idea of a routine updating procedure because of the increase in the workload this would require. The ideal administrative process for routine modification would include components for information, collection, computation of the new award amount, and the chance for a hearing for the parties.

A few states have taken steps toward more routine modification. New Jersey and Michigan have attempted to have every case reviewed biannually. If nothing else, such a mechanism starts the discovery process in motion with requiring the obligee to prove in advance that she's met the statutory standard necessary for modification. Minnesota does have a cost of living adjustment provision, cited earlier, but action must still be taken by the obligee. California has begun to allow custodial parents to initiate actions pro se if the amount of the addition to the support award is less than a 10 percent change to the existing order.

These steps seek to overcome the main barriers to modification: 1)the requirement that the obligee petition for modification; 2) meeting of the burden of proof based on a statutory standard; and 3) need to retain counsel. The standard for allowing a modification varies from state to state. Delaware requires a "change in the circumstances," Colorado a "substantial and continuing change in the circumstances," and Montana a change "so substantial and continuing as to make the (existing) terms unconscionable." Colorado has further defined its standard by setting a 10 percent minimum change based on its guidelines. Vermont's numeric threshold is 15 percent.

States, however, have much to gain by closely examing the potential gains of routine and complete modification of support awards. A New Jersey study done after a modification effort showed a substantial rise in the average support award (See Chart F). Astonishingly, one out of four recipient families was removed from from the welfare roles based on the modification under the new guidelines alone. Robert Williams estimates that awards would rise between 30 and 50 percent, if guidelines now commonly in use were applied to all existing orders. He speculates that more money can possibly be had by fully utilizing support guidelines than by closing enforcement loopholes.

SUMMARY OF STATE CHILD SUPPORT GUIDELINES

California

The California Guideline is codified in CAL. CIV. Code secs. 4720-4732 (West Supp. 1985). Legislated as the Agnos Child Support Standards Act of 1984, the guideline sets a minimum standard for child support tied to the level of assistance received under the Aid to Families with Dependent Children program. As a minimum standard, the guideline is mostly applicable to lower and lower-middle income obligors. The law also provides that county guidelines be applied above the level of the Agnos standard if they exist and that the California Judicial Council publish a statewide guideline by July 1, 1986 for those counties without any. The Judicial Council implemented a version of the Santa Clara county guideline for statewide application in counties lacking a guideline. The law provides that implementation of the guideline id considered to be a change in circumstance for purposes of modifications in previous awards.

Colorado

A guideline was enacted into law in 1986 which will be applied as a rebuttable presumption to all child support cases (C.R.S. 14-10-115). The guideline was developed by the Child Support Commission based on the income Shares model. It uses gross income as a starting point, has provisions for imputation of income, standards for income verification and adjustments for shared and split custody. It treats child care and extraordinary medical expenses separately. There is a provision for modification of prior awards if a 10 percent change would result from reapplication of the guideline. The legislation was effective on November 1, 1986.

Connecticut

Special Act 84-74 (An Act Concerning Mediation in Dissolution Proceedings) established pilot programs of mediation and conciliation in the Fairfield and Litchfield Districts. One provision mandated development of an inter-agency commission to develop child support guidelines. The commission developed guidelines based on its analysis of U.S. Department of Agriculture data. The guidelines developed by the commission are used in the test districts and have been made available on an advisory basis statewide.

Delaware

Delaware has used the "Melson Formula" statewide since 1979. It is authorized under the Family Court Rule 271(c). The Melson Formula is a comprehensive guideline using net income as the starting point. It treats child care expense, extraordinary medical expenses, and educational expenses separately. It has adjustments for shared and split custody and also for presence of new spouses (or cohabitees) and other children.

Hawaii

Pursuant to statute (Act 332, SLH 1986), Hawaii has adopted a guideline by coordinated rule of its four major districts. A bar association committee in the 1st judicial district (Honolulu) developed a guideline which was promulgated by judicial rule in the four districts effective October 20, 1986. The Hawaii guideline is a modification of the Delaware Melson Formula. The main difference is that it uses gross income as a starting point, rather than net income.

Illinois

A guideline was enacted by the legislature in 1983 which is based on flat percentages of net income: 20 percent for one child; 25 percent for two; 32 percent for three; 40 percent for four; 45 percent for five; and 50 percent for six or more (Ill. Rev. Stat. 1985, ch. 40, para. 505). This guideline is binding for setting minimum levels of awards unless the court makes express findings of fact as to the reason for the departure below the guidelines. The constitutionality of the Illinois guidelines has been challenged and upheld in *In re Marriage of Blaisdell* (142 Ill. App. 3d 1034).

Iowa

A statutory guideline has been in place since 1984. The guideline applies only to administrative orders, however. A slightly different guideline has been developed by judges for advisory use in the courts. Unlike the statutory guideline, the advisory guideline takes into account custodial parent income.

Maine

The Department of Human Services uses a simplified Income Shares model (based on gross income) for setting child support under the state's administrative process. Maine is currently developing a more comprehensive version of the guideline for agency use. Efforts are alos being made to coordinate development of the guideline for use by the courts as well as by the administrative agency.

Michigan

The State Friend of the Court Bureau was mandated to establish a child support guideline to be used for all child support recommendations under a 1982 statute (MCLA 552.501 Sec. 19 (vi): MSA 25.176 Sec. 19 (vi)). Based on a sustained effort by a special committee on guidelines, the Friend of the Court Bureau adopted a guideline in December 1986 which will be used for all Friend of the Court negotiated and recommended child support orders. The Michigan guideline is a substantially modified Income Shares guideline, using net income as the starting point. It is unusually detailed and comprehensive in its definitions of income, range of adjustments and provisions for unusual situations.

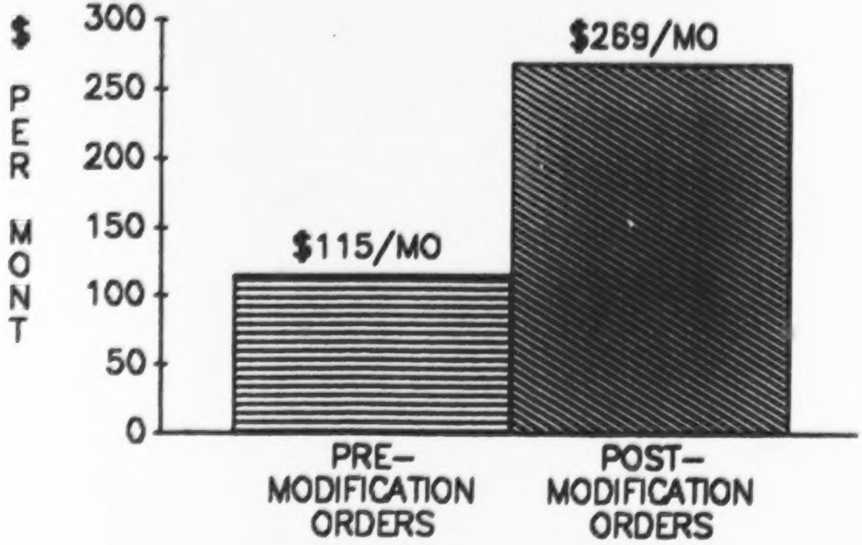
Minnesota

Minnesota has had a statutory guideline in place since 1982, which is codified in Minnesota Statutes, Sec. 69.62. The guidelines are binding in each case unless the court makes as express finding of fact justifying a deviation. The guideline starts with net income and applies the following percentages between $1,000 and $6,000 per month: 25 percent for one child; 30 percent for two children; 35 percent for three; 39 percent for four; 43 percent for five; 47 percent for six; and 50 percent for seven or more. Between $401 and $1,000 net monthly income, the percentages are phased up to those levels. A flat dollar amount is provided for obligors with net income exceeding $6,000 per month.

CHART F

NEW JERSEY UPWARD MODIFICATION PROGRAM

BASED ON 502 MODIFICATIONS



Missouri

Missouri has an administrative guideline which applies to all child support orders established by the Department of Social Services. This adminitrative process is used for a large portion of child support cases in the state. The Missouri administrative guideline provides for flat percentages of obligor net income: 22 percent for one child; 33 percent for two children; 40 percent for three; and 46 percent for four or more. The Missouri guideline is undergoing revision at this time in conjunction with a committee of the state Bar Association which is developing an advisory guideline for joint statewide use by the courts as well.

Nebraska

The Nebraska District Court Judges Association has developed an advisory guideline for statewide use, which is a net income based version of the Incomes Shares model. L.B. 7, enacted in 1985, requires that the Supreme Court develop a guideline for implementation as a court rule. Development of the court rule is pending, but the final guideline is expected to be similar to that developed by the judges.

New Jersey

A guideline was adopted by the Supreme Court in May of 1986 as Court Rule 5:6A. This is a net income based version of the Income Shares model with separate treatment for child care and extraordinary medical expenses. The New Jersey guideline was the first operational version of the Income Shares model to be formally adopted by a state.

Oregon

Oregon currently uses an administrative guideline for child support established by the Department of Human Resources. Efforts are currently underway to establish an Income Shares based guideline to replace the current administrative formula. The new guidleine is intended to be suitable for use by the courts.

Pennsylvania

The legislature recently enacted a statute requirinbg all counties to develop child support guidelines. Allegheny County (Pittsburgh) has had a guideline in use for several years. Philadelphia is in the process of developing a guideline. Thus far, however, there appears to be little uniformity among the counties in the guidelines they are adopting.

South Dakota

The legilsature enacted a guideline in 1986 (H.B. 1378) based on the obligor's net income, but the guideline is effective only up to $1,500 per month, above which child support is set on a case-by-case basis. The guideline has rebuttable presumption status, with specific findings required in cases where the child support deviates.

Utah

The legislature enacted H.B. No. 14 in 1984 which amended section 78-45-7 of the Utah Code Annotated to provide for use of a statewide guideline by the courts for all ex parte or other temporary motions for support. The guideline is established by the Utah Department of Social Services and is also used to determine levels of awards for all other orders established under administrative process in the state, which is a large proportion of the total.

Vermont

Senate Bill 286 (1986) mandated the development of a guideline by the state Agency for Human Services for use as a rebuttable presumption in the establishment of child support awards. The Agency is required to issue an administrative rule shortly, after which the guidelines will become effective for use by the courts on April 1, 1987. Vermont is currently developing a gross income based Income Shares model. The Vermont legislation provides that modifications of an existing order will be approved by the court (or administrative agency) if recalculation of the amount due under the guideline differs by 15 percent or more from the current level.

Washington

The Uniform Child Support Guidelines were adopted by the Association of Superior Court Judges in 1982. Although advisory, they are used in jurisdictions accounting for an estimated 80-90 percent of the state's population. Washington is at this time considering making these guidelines a rebuttable presumption.

Wisconsin

The Wisconsin Percentage of Income Standard has presumptive status under Chapter 27, Laws of 1983, Section 767.395(3). The Wisconsin Standard is based on flat percentages of gross income, as follows: 17 percent for one child; 25 percent for two children; 29 percent for three; 31 percent for four; and 34 percent for five or more. Wisconsin uses an alternative guideline for some cases, however, which is an adaptation of Delaware's Melson Formula.

STATEMENT OF PAULA MacILWAINE, COMMISSIONER, MONTGOMERY COUNTY, OH, AND CHAIRWOMAN, NACO WORK AND WELFARE TASK FORCE, ACCOMPANIED BY LARRY JONES, LEGISLATIVE REPRESENTATIVE FOR EMPLOYMENT/LABOR AND EMPLOYEE BENEFITS

Ms. MacIlwaine. Thank you very much, Senator. I want to thank you for inviting me to participate in this subcommittee's hearing on welfare reform and child support. I am Commissioner Paula MacIlwaine from Montgomery County, Ohio, and we have a new Work and Welfare Task Force of the National Association of Counties that is going to be working on many of these issues over the next year.

I would like to commend you for your leadership in needed reforms in our welfare system. I understand from your staff, who gave a very able presentation to our task force several weeks ago, that you have been about this business for about 25 years——

Senator Moynihan. Oh, gee, I began as a youth——

[Laughter.]

Ms. MacIlwaine. Well, I have been busy on it for about 10 years this year, and I think we all ought to get together and maybe borrow a saying from the antidrug campaign, that being: This year, say yes to welfare reform.

Senator Moynihan. There you are.

Ms. MacIlwaine. Let me point out that it is one of NACO's top priorities this year. The task force has been working since last year to revise our policy on welfare reform to see what effective approaches we can adopt in many of the State demonstration programs that are going on, one of which was ably presented by Governor Dukakis of Massachusetts. Although we haven't completed our recommendations, I can assure you that we strongly support efforts to improve child support enforcement. We think it will be key piece to welfare reform in the future.

Like you, we believe that both parents must be held responsible for supporting their children; and we know, based on many Federal statistics, that less than half are actually receiving financial assistance from the absent fathers.

Ohio isn't doing very well; this I must admit. Our annual AFDC caseload for child support increased 46 percent between 1981 and 1985; but during the same period the percentage of AFDC payments recovered only went from 5 to 6.2 percent.

Senator Moynihan. Could I interrupt there? I read it and I heard it, but the AFDC caseload went from——

Ms. MacIlwaine. For child support enforcement.

Senator Moynihan. For child support enforcement?

Ms. MacIlwaine. Right.

Senator Moynihan. It rose by more than half—from 281 to 410,000 in four years?

Ms. MacIlwaine. That is correct, sir. Part of the problem in Ohio is tracking down the absent parent, particularly when he or she moves out of the area. Our child support enforcement varies from county to county in our 88 counties. As a result, bureaucratic and legal matters can make collecting support payments across jurisdictional and State lines very, very difficult.

Because there are limitations on administrative overhead, we don't have the funds to track down every absent parent. Even if we were able to, many of them would not be financially able to pay child support because they are unemployed. Although we give priority to going after those parents we feel would be able to collect child support from, I personally believe that we need some incentives and financial incentives to establish paternity and collect future support payments from all parents because we know that some time between the birth of a child and when that child reaches 18, that that one custodial parent is going to be working.

In Montgomery County, we had 5,199 child support orders issued through last year to absent parents with dependent children on AFDC. Of that total, only about 36 percent made some payment toward child support. Last year we collected $2.9 million in child support payments, representing 9.2 percent of the total, which is higher than the State of Ohio. Our county is higher than our State. However, there is still $33 million in arrearage owed to children of AFDC parents in our community. Although our recovery rate is slightly better than national/State rate, there is still much room for improvement. We think if we could collect the arrearage—the $33 million—we could use some of that money to help train AFDC mothers to get jobs and to perhaps get off the system totally.

We are convinced that more can and should be done to recover child support payments. We must make every effort to improve our system of establishing paternity, tracking down absent parents, and enforcing child support across jurisdictional boundaries. We believe that the Child Support Enforcement Amendments of 1984 made significant improvements. We think more needs to be done.

During our task force meeting earlier this month, a number of alternatives were considered for improving child support enforcement. We are still discussing these, but some that had much support on our committee are making Federal incentive bonuses available to States and counties to spur collection activities, establishing an extensive tracking system for identifying absent parents, improve the system of establishing paternity, requiring automatic wage deductions based on a percentage of gross income for parents ordered to pay child support. And we did look at the Wisconsin model, and we think that is a very good model to perhaps consider.

We need to improve coordination with the court system to ensure effective and timely enforcement. These are just a few of the alternatives that we have already looked at, and we are continuing to discuss these and other alternatives at our upcoming task force meeting in Washington on March 14th. We will keep you apprised of our recommendations.

Child support enforcement is an essential part of welfare reform, but it must not be viewed in isolation. We see it as one of many changes needed to transform our current welfare system from one which promotes dependency to one which promotes self-sufficiency. To accomplish this objective, employment and training opportunities must be made to those who are able to work. Income maintenance must be provided for those unable to work. And a variety of social services must be provided to strengthen family life and to encourage self support. Efforts to improve child support enforcement must consider the ability of both parents to support their children.

The NACO Task Force is considering a recommendation that would require AFDC mothers with children six months or older to work or enroll in training, part or full-time, if they are unskilled. While working or enrolled in training, adequate child care and health care must be ensured for a period of time to help these clients make an easy transition to adequate paying jobs.

Mr. Chairman and members of this committee, I want to thank you for this opportunity to testify, and we want you to be sure that we will bring you any recommendations from the National Association of Counties, both on child support and welfare reform in the future. Thank you very much.

Senator MOYNIHAN. Ms. MacIlwaine, we thank you so much. If we could hear your colleague, Mr. Kenney, and then we will speak to the panel in general.

Ms. MacIlwaine, you didn't introduce your associate.

Ms. MACILWAINE. I am sorry. This is not usual for me because Larry Jones from our NACO staff and I have worked together for the past 10 years on many of these issues. In fact, my first testimony in 1978 was on welfare reform, and I appreciate his help.

Senator MOYNIHAN. We welcome you to the committee.

We welcome you, Mr. Kenney.

[The prepared written statement of Ms. MacIlwaine follows:]

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STATEMENT BY

THE HONORABLE PAULA MACILWAINE

COMMISSIONER, MONTGOMERY COUNTY, OHIO

AND

CHAIR, WORK AND WELFARE REFORM TASK FORCE

ON BEHALF OF THE

NATIONAL ASSOCIATION OF COUNTIES

BEFORE THE

SENATE FINANCE SUBCOMMITTEE

ON

SOCIAL SECURITY AND FAMILY POLICY

February 20, 1987

Washington, DC

THANK YOU MR. CHAIRMAN FOR INVITING ME TO PARTICIPATE IN THE SUBCOMMITTEE'S HEARING ON WELFARE REFORM AND CHILD SUPPORT ENFORCEMENT. I AM PAULA MACILWAINE, COMMISSIONER IN MONTGOMERY COUNTY, OHIO AND CHAIR OF THE WORK AND WELFARE REFORM TASK FORCE OF THE NATIONAL ASSOCIATION OF COUNTIES.* FIRST LET ME COMMEND YOU FOR THE LEADERSHIP YOU HAVE DEMONSTRATED OVER THE YEARS IN URGING BADLY NEEDED REFORMS IN OUR WELFARE SYSTEM. WE APPRECIATE THE SENSITIVITY YOU HAVE SHOWN FOR LOCAL CONCERNS IN THE PAST, AND WE URGE YOU TO CONTINUE TO KEEP OUR CONCERNS IN MIND AS YOU DEVELOP LEGISLATION TO IMPROVE OUR NATION'S WELFARE SYSTEM.

LET ME POINT OUT THAT WELFARE REFORM IS ONE OF NACo'S TOP PRIORITIES THIS YEAR. THE TASK FORCE HAS BEEN WORKING SINCE LAST YEAR TO REVISE OUR POLICY ON WELFARE REFORM. AS WE DISCUSS WHAT IS NEEDED TO IMPROVE OUR WELFARE DELIVERY SYSTEM, WE ARE TAKING A CLOSE LOOK AT THE EFFECTIVE APPROACHES ADOPTED IN MANY OF THE STATE DEMONSTRATION PROGRAMS. WE ARE ALSO REVIEWING THE VARIOUS PROPOSALS INTRODUCED THIS YEAR. AND WE HAVE HEARD FROM

*THE NATIONAL ASSOCIATION OF COUNTIES IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN THE UNITED STATES. THROUGH ITS MEMBERSHIP, URBAN, SUBURBAN AND RURAL COUNTIES JOIN TOGETHER TO BUILD EFFECTIVE, RESPONSIVE COUNTY GOVERNMENT. THE GOALS OF THE ORGANIZATION ARE TO: IMPROVE COUNTY GOVERNMENT; SERVE AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENT; TO ACT AS LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; ACHIEVE PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

CONGRESSIONAL STAFF, PUBLIC INTEREST GROUPS AND OTHER ORGANIZATIONS ON THEIR VIEWS ABOUT REFORM. ALTHOUGH WE HAVE NOT COMPLETED OUR RECOMMENDATIONS, I CAN ASSURE YOU THAT WE STRONGLY SUPPORT EFFORTS TO IMPROVE CHILD SUPPORT ENFORCEMENT.

LIKE YOU MR. CHAIRMAN, WE BELIEVE BOTH PARENTS MUST BE HELD RESPONSIBLE FOR SUPPORTING THEIR CHILDREN. OUR CHILDREN ARE OUR FUTURE AND WE MUST MAKE SURE THEY ARE ADEQUATELY PROVIDED FOR DURING THEIR DEVELOPMENT YEARS. NATIONAL REPORTS ON NONSUPPORT OF CHILDREN BY THE ABSENT PARENT REVEAL A VERY DISGRACEFUL FACT. IN 1983, THE U.S. CENSUS BUREAU REPORTED THAT 8.7 MILLION WOMEN WERE CARING FOR CHILDREN, WITH LESS THAN HALF RECEIVING FINANCIAL ASSISTANCE FROM THE ABSENT FATHER. THE MAJORITY OF THESE CHILDREN LIVE IN POOR FAMILIES.

IN OHIO THE AVERAGE ANNUAL AFDC CASELOAD FOR CHILD SUPPORT ENFORCEMENT INCREASED FROM 281,222 IN 1981 TO 410,076 IN 1985, AN INCREASE OF 128,854 (46%). DURING THE SAME PERIOD, THE PERCENTAGE OF AFDC PAYMENTS RECOVERED THROUGH CHILD SUPPORT COLLECTIONS INCREASED ONLY SLIGHTLY, FROM 5 PERCENT TO 6.2 PERCENT.

PART OF THE PROBLEM IN OHIO IS TRACKING DOWN THE ABSENT PARENT, PARTICULARLY WHEN HE OR SHE MOVES OUT OF THE AREA. CHILD SUPPORT ENFORCEMENT VARIES FROM COUNTY TO COUNTY IN OHIO'S 88 COUNTIES. AS A RESULT, BUREAUCRATIC AND LEGAL MATTERS CAN MAKE

COLLECTING SUPPORT PAYMENTS ACROSS JURISDICTIONAL AND STATE LINES VERY DIFFICULT.

BECAUSE OF LIMITATIONS ON ADMINISTRATIVE OVERHEAD, WE DON'T HAVE THE FUNDS TO TRACK DOWN EVERY ABSENT PARENT. EVEN IF WE WERE ABLE TO, MANY OF THEM WOULD NOT BE FINANCIALLY ABLE TO PAY CHILD SUPPORT BECAUSE OF UNEMPLOYMENT, AND OTHER EXTINUATING CIRCUMSTANCES. THEREFORE, WE GIVE PRIORITY TO GOING AFTER THOSE PARENTS WHO WE FEEL WE WOULD BE ABLE TO COLLECT CHILD SUPPORT PAYMENTS FROM.

IN MONTGOMERY COUNTY, WE HAD 5,191 CHILD SUPPORT ORDERS ISSUED THROUGH LAST YEAR TO ABSENT PARENTS WITH DEPENDENT CHILDREN ON AFDC. OF THAT TOTAL, ONLY 1,852 (36%) HAVE MADE SOME PAYMENT TOWARD CHILD SUPPORT. LAST YEAR WE COLLECTED $2.9 MILLION IN CHILD SUPPORT PAYMENTS. THIS REPRESENTS 9.2 PERCENT OF THE $33.5 MILLION OWED IN ARREARAGE. ALTHOUGH OUR RECOVERY RATE IS SLIGHTLY BETTER THAN THE NATIONAL AND STATE RATES, THERE IS STILL MUCH ROOM FOR IMPROVEMENT.

WE ARE CONVINCED THAT MORE CAN AND SHOULD BE DONE TO RECOVER CHILD SUPPORT PAYMENTS. WE MUST MAKE EVERY EFFORT TO IMPROVE OUR SYSTEM OF ESTABLISHING PATERNITY, TRACKING DOWN ABSENT PARENTS AND ENFORCING CHILD SUPPORT ACROSS JURISDICTIONAL BOUNDARIES. WHILE WE BELIEVE THE CHILD SUPPORT ENFORCEMENT AMENDMENTS OF 1984 MADE SIGNIFICANT IMPROVEMENTS, MORE NEEDS TO BE DONE TO SPUR COLLECTION.

DURING A TASK FORCE MEETING EARLIER THIS MONTH, A NUMBER OF ALTERNATIVES WERE CONSIDERED FOR IMPROVING CHILD SUPPORT ENFORCEMENT. WHILE NO DECISION HAS BEEN MADE, WE DISCUSSED: (1) MAKING FEDERAL INCENTIVE BONUSES AVAILABLE TO STATES AND COUNTIES TO SPUR COLLECTION ACTIVITIES, (2) ESTABLISHING AN EXTENSIVE TRACKING SYSTEM FOR IDENTIFYING ABSENT PARENTS, (3) IMPROVING THE SYSTEM OF ESTABLISHING PATERNITY, (4) REQUIRING AUTOMATIC WAGE DEDUCTIONS BASED ON A PERCENT OF GROSS INCOME FOR PARENTS ORDERED TO PAY SUPPORT, AND (5) IMPROVING COORDINATION WITH THE COURT SYSTEM TO ENSURE EFFECTIVE AND TIMELY ENFORCEMENT. THESE ARE JUST A FEW OF THE ALTERNATIVES THAT THE TASK FORCE HAS CONSIDERED SO FAR. WE WILL BE CONTINUING OUR DISCUSSION OF THESE AND OTHER ALTERNATIVES AT OUR UPCOMING MEETING ON MARCH 14. AS SOON AS OUR RECOMMENDATIONS ARE ADOPTED, WE WILL SUBMIT THEM TO ALL MEMBERS OF THIS SUBCOMMITTEE AND OTHER CONGRESSIONAL LEADERS.

IMPROVED CHILD SUPPORT ENFORCEMENT IS AN ESSENTIAL PART OF WELFARE REFORM BUT IT MUST NOT BE VIEWED IN ISOLATION. IT SHOULD BE SEEN AS ONE OF MANY CHANGES NEEDED TO TRANSFORM OUR CURRENT WELFARE SYSTEM FROM ONE WHICH PROMOTES DEPENDENCY TO ONE WHICH PROMOTES SELF-SUFFICIENCY. TO ACCOMPLISH THIS OBJECTIVE, EMPLOYMENT AND TRAINING OPPORTUNITIES MUST BE MADE AVAILABLE TO THOSE WHO ARE ABLE TO WORK, INCOME MAINTENANCE MUST BE PROVIDED FOR THOSE UNABLE TO WORK AND A VARIETY OF SOCIAL SERVICES MUST BE PROVIDED TO STRENGTHEN FAMILY LIFE AND ENCOURAGE SELF-SUPPORT.

EFFORTS TO IMPROVE CHILD SUPPORT ENFORCEMENT MUST CONSIDER THE ABILITY OF BOTH PARENTS TO SUPPORT THEIR CHILD(REN). THE NACo TASK FORCE IS CONSIDERING A RECOMMENDATION THAT WOULD REQUIRE AFDC MOTHERS WITH CHILDREN SIX MONTHS OR OLDER TO WORK OR ENROLL IN TRAINING IF THEY ARE UNSKILLED. WHILE WORKING OR ENROLLED IN TRAINING, ADEQUATE CHILD CARE AND HEALTH CARE MUST BE ENSURED FOR A PERIOD OF TIME TO HELP THESE CLIENTS MAKE AN EASY TRANSITION TO ADEQUATE PAYING JOBS.

MR CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO TESTIFY. I LOOK FORWARD TO WORKING WITH YOU AND OTHER MEMBERS OF CONGRESS TO IMPROVE THE WELFARE SYSTEM AND STRENGTHEN CHILD SUPPORT ENFORCEMENT. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE AT THIS TIME.

STATEMENT OF KEVIN P. KENNEY, ASSOCIATE COUNTY ADMINISTRATOR, BUREAU OF SOCIAL SERVICES, HENNEPIN COUNTY, MINNEAPOLIS, MN, ACCOMPANIED BY THOMAS JOSEPH, LEGISLATIVE REPRESENTATIVE FOR HUMAN SERVICES, NATIONAL ASSOCIATION OF COUNTIES

Mr. **Kenney**. Mr. Chairman, thank you very much. To my right, by the way, is Tom Joseph, who is a legislative representative for human services.

Mr. Chairman, I would like the record to show that there is an Irishman in the City of Minneapolis. [Laughter]

I am the Associate County Administrator and head of the county which is the largest county in the State, with a population of approximately 950,000 people. I am in charge of the Bureau of Social Services, which includes the Departments of Economic Assistance, Community Services, which is social services, Training and Employment Assistance, and the Veterans Services in Hennepin County.

That combination in itself has carried a great deal of significance in Hennepin County's consideration of: How do we bring all the forces together in welfare reform. The Child Support Enforcement Office is in the Economic Assistance Department in Hennepin County. It is, as you know, administered as a county system, and in some counties in Minnesota, the IV(d) office is in the County Attorney's Office. In Hennepin County, it is in the Economic Assistance Department.

I do want to say at the outset that, when I was Deputy Commissioner at the State, and Bonnie Becker who is our Child Support Director there, brought to me some problems that she said we need to get some action at the Federal level. She was always able to access Senator Durenberger's office, and he really has been a help to the State. And I think the good record that the State has in the enforcement of the original Act and the 1984 Amendments is due to the Congressional support we have gotten from Senator Durenberger as well as our Congressman on the House side. We are certainly grateful for that.

I have listened this morning to the testimony that has been given, and much of what I wanted to say to you is similar to what has been said. There is no question in my mind that support of children has to be the central focus of anything we label welfare reform. Child support is only one part of a national system to support children, and I think that is important as I try to outline for you some of the experiences we have in Hennepin County as to its effectiveness in, in effect, taking people off welfare.

It is true that our national statistics—as you have quoted, Senator Moynihan, many times—are not satisfactory, that a little over half—58 percent, I believe—of single parent families receive child support. And of that group, only one-half receive the full amount due to them. Obviously, that is not going to solve the problem that you are trying to address.

The occurrence in Hennepin County—the most recent statistics that my staff has given me—is that upwards of 45 percent of the new cases that come on AFDC do not have a high school education, do not have a GED. Obviously, those women are not going to be able to be self-supporting. When we talk about welfare reform, our tendency I believe is right when you think of it: How are we going to get these mothers to work? And indeed, we ought to. Governor Dukakis' point on his success with the ET program is certainly a major part of it, but the welfare reform task force that I appointed in the staff of the Bureau of Social Services felt very, very strongly—I think a point that you have made several times this morning—that welfare reform cannot just focus on how do we get mothers to work.

It has to focus on the shared responsibility of both parents. Every child has two parents responsible for them; and therefore, welfare reform should not focus entirely on the single parent, most often women, who have the child that they must care for.

So, there is no question there is room for improvement in enforcing child support, particularly in AFDC families. And I hope that there will be further improvement; but unfortunately, I think the figures that you have quoted and the figures that I have presented to the committee in my written testimony—and I will refer to some of them—tell us that it cannot do the entire job of reforming welfare.

Few cases in our experience are removed from the AFDC caseload because of child support payments. Let me give a brief description of child support and AFDC in Minnesota.

We are one of the 18 States that has implemented all mandatory requirements. We are above average in our percentage of AFDC payments recovered—13 percent. When 13 percent is above average, I think we see there is a problem. That is good, but it is certainly not sufficient.

We rank sixth in the nation in percentage of AFDC parents absent from the home who pay child support. Between 1981 and 1985, Minnesota's caseload—that is, child support caseload—has grown by 28 percent; but most of that growth is occurring in non-AFDC cases. And I think that that is significant.

On page 4 of the written document I have given you, there are some statistics on child support; but I think it is significant to note that in 1986 the total collections in Hennepin County through our Child Support Office was $15,762,000.00. Of that, $10,190,000.00 were non-AFDC cases. You see that almost twice as much is being collected for non-AFDC cases. Now, I am willing to project that some number of those non-AFDC cases who are paying child support are preventing someone from having to go on welfare; but it is clear to me that the small proportions of our collections in AFDC and the small amount—an average of $132.00 a month of AFDC collections—is not going to remove those people from welfare. $132.00 is about one-quarter of our monthly AFDC allotment for one parent and one child.

So, we do have to improve our child support collection in AFDC cases. And, we have to continue improving in non-AFDC. But we cannot plan on solving the entire welfare problem with this one IV(d). In other words, I don't think IV(d) can replace IV(a).

Our staff indicates that currently over one-half of our new case openings require that paternity be established. Now, of those cases, we are only able to establish paternity for one-third of them. Now, that is significant in the equity argument that you have made. It is not fair to the children, but it is also significant as to the effectiveness of the child support enforcement law reducing their dependence on welfare, I believe.

Typically, the adjudicated father is young with little education, minimal employment experience. Therefore, our paternity child support orders have historically been the lowest in our child support program, with a 32 percent success rate for parent support collection. The average monthly child support order in paternity cases is $106.00 a month. The other was $132.00, obviously much less than the standard that is needed to support a woman and a child or more than one child.

This does not mean that we in Hennepin County don't believe efforts should continue to establish paternity, but it does not solve the problem.

Last December, a commission appointed by our Governor on welfare reform reported to the Governor. They made a whole series of recommendations. Two of our County Commissioners, Randy Johnson and Mark Andrew, who is currently the chair or head of the County Board, were on that task force. This was working concurrently with a task force of staff that I appointed within the bureau in Hennepin County. They both made the strong argument that I pointed out earlier, that we must think of poverty as a problem shared by both father and mother, whether the father and mother are still together or not.

We cannot put the burden of eliminating poverty and getting off welfare just on the mother.

Senator MOYNIHAN. Mr. Kenney, you have made some valid observations. I think if you can stop there, we can get to some questions from the Senators and some discussion with the panel.

[The prepared written statement of Mr. Kenney follows:]

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TESTIMONY OF

KEVIN P. KENNEY

ASSOCIATE COUNTY ADMINISTRATOR

BUREAU OF SOCIAL SERVICES

HENNEPIN COUNTY, MINNESOTA

ON BEHALF OF THE

NATIONAL ASSOCIATION OF COUNTIES

FOR THE

SENATE FINANCE SUBCOMMITTEE

ON SOCIAL SECURITY AND FAMILY POLICY

FRIDAY, FEBRUARY 20, 1987

Introduction

I am Kevin Kenney, Associate County Administrator in Hennepin County (Minneapolis), Minnesota. Hennepin County, the largest in the state, has a total population of about 950,000 people. I am in charge of the Bureau of Social Services which includes the Economic Assistance, Community Services, Training and Employment Asisstance, and Veterans Services Departments. The Child Support Enforcement (IV-D) program is located in the Economic Assistance Department in Hennepin County. It should be noted that in Minnesota, counties administer all welfare programs.

I am grateful for this opportunity to testify before this Subcommittee regarding the role that Child Support Enforcement can play in addressing the problem of welfare dependency in this country. Support of children, as Senator Moynihan as pointed out, is the basic purpose of the complex welfare system that exists in the country today. Addressing the question of how well Child Support Enforcement -- Title IV-D -- is working is central to all discussions of "welfare reform".

Statistics

Senator Moynihan, I am aware of your statements that only 58% of single-parent women have received Child Support and of that group only half received the full amount due to them. In preparing for this testimony, NACo staff informed me of other national statistics that further support your statement of the problem.

Many of the women and children who could benefit most from the program, such as young AFDC mothers who did not finish high school, are least likely to be receiving support payments. Women under 30 years of age are the least likely to be awarded payments, and on average those who do receive support receive smaller payments.

In 1985, of the 6.2 million AFDC Child Support cases nationally, only 684 thousand (11%) had some collection made. Less than one percent were removed from the AFDC rolls because of Child Support Collections.

There is no question that there is room for improvement in enforcing Child Support, particularly in the case of AFDC Families, and as states make progress in implementing the 1984 amendments we should see further improvements. But, I think, the figures quoted above and the facts provided to me by Hennepin County staff suggest that the Child Support Enforcement Program as we know it is not the total answer to comprehensive "Welfare Reform": in few cases would the receipt of Child Support make the difference between being on AFDC or not.

Hennepin County

Let me give you a brief snapshot of Child Support and AFDC in Minnesota and Hennepin County:

Minnesota is one of 18 states that has implemented all eight mandatory enforcement technique requirements and support guidelines of the 1984 amendments. As a state, Minnesota is above average in the percentage of AFDC payments recovered (13.1 percent compared to the national average of 8.6 percent) and ranks sixth in the nation in the percentage of AFDC parents absent from the home who pay child support (23.3 percent compared to 10.6 percent nationally). In Federal Fiscal Year 1986 the state collected $3.02 in AFDC and non-AFDC support for every dollar spent on administration, including $1.49 for each dollar spent on AFDC support collections. Between 1981 and 1985 Minnesota's caseload has grown by 28 percent (35 percent nationally), with most of the growth occurring in the non-AFDC cases (from 12,000 to 25,000).

AFDC Program

Hennepin County statistics, for AFDC-Regular (not including Unemployed Parent or Refugee cases)

A.	Total cases, average per month 1986	13,324
B.	Total grant expenditures in 1986	$ 77,394,647
C.	Average grant per case per month in 1986	$ 484
D.	Percent of current AFDC cases where paternity has not been established	51%

(Hennepin County Child Support Statistics on Page 4)

Hennepin County Child Support Statistics

Hennepin County total population (1980 Census): 941,411

	AFDC	Non-AFDC	Total
1. Number of cases, average per month in 1986:	18,886	6,628	25,514
2. Total collections in 1986:	$ 5,572,723	$10,190,007	$15,762,730
3. Average collections per month in 1986:	$ 464,394	$ 849,167	$ 1,313,561
4. Average child support order (per month) of all active cases:	$ 132	$ 190	
5. Average collection per case per month in 1986, on cases which have a current support order:	$ 69	$ 155	
6. Percent of cases with an order from which a payment was received, average per month in 1986:	32%	64%	

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One of the current assumptions in the welfare reform discussion is that by increasing AFDC child support collections, the AFDC caseload will be significantly reduced or program expenditures will be greatly decreased. Our information indicates that even if significant increases were made in AFDC collections, the reduction in AFDC cases would be minimal.

A. Currently, over one-half of our new case openings require that paternity be established; of those cases, we are only able to establish paternity for one-third of them.

B. Typically, the adjudicated father is young, with little education and minimal employment experience. Therefore, our paternity child support orders have historically been the lowest in our Child Support program, with a 32 percent success rate for current support collections.

C. The average child support order established for paternity cases in 1986 was $106 per month. This $106 is less than one-fourth the amount of our 1986 AFDC grant standard of $437 (for one adult and one child), which does not include Food Stamps or Medical Assistance benefits. Thus, even if we were able to collect 100 percent of the child support orders, the collection alone would not be enough to remove these families from AFDC. However, we continue to advocate enforcement efforts on AFDC child support cases as a means of off-setting the cost of the AFDC program.

Governor's Commission

Last December, a 10-member Welfare Reform Commission reported to

Perpich on measures the state should take to reform the AFDC program. Serving on the Commission were two Hennepin County Commissioners: Randy Johnson, who was the Commission's Co-Chair, and Mark Andrew, who chairs the Hennepin County Board. A Task Force of Hennepin County staff made similar recommendations which were adopted by the Board.

The December report included some recommendations on improving Child Support. Some of these suggestions were modified and included in the Governor's biennial budget proposal. The Minnesota Governor's Welfare Reform Commission was working concurrently with the Hennepin County Task Force, and came up with many of the same ideas, including that parents -- both parents -- need to remain responsible for their children.

The Commission found that the existing system within our state is failing to make timely and efficient collections, and urges development of a statewide automated data system.

The Commission recommended requiring immediate wage withholding in all court orders awarding child support unless the payor places one month's advance support in escrow. The Governor proposes a pilot project to test this idea. While automatic withholding deserves serious study, county officials on NACo's Work and Welfare Task Force are concerned about the administrative mechanisms required, including: What level of government would implement it, how would self-employed persons comply, how would the system track fluctuations in income, and employer concerns. As regards a pilot: what is the effect if the obligor is in a different county? These questions are currently being researched and debated in the Minnesota Legislature.

The third recommendation is to accelerate arrearage collection efforts by encouraging counties to use private agencies when it makes financial sense to do so.

The Commission also recommended providing greater financial incentives to counties in collecting support. Currently, Minnesota counties receive seven percent of the recovered support in public assistance cases.

Fifth, the Commission urged that legislation be enacted to prohibit retroactive modifications of child support arrearages. In the Commission's view, the courts often forgive the arrearages.

Finally, the group recommended that a higher priority be placed on establishing paternity. They suggested financial incentives and some amendments to current laws establishing paternity which are confusing and cause delays.

Federal Funding

We are aware that the Administration's budget proposes to accelerate the reduction of Federal Financial Participation for child support administrative expenses. We would encourage you to reject this proposal because it will not provide states with an incentive to become more efficient.

The current collection incentive formula causes a disincentive at the local level to enhance three service areas:

A. Paternity establishment

Establishing paternity is a cost-intensive function with little or no immediate payback to the IV-D agency. While it provides future ability to collect child support, the immediate reason is to protect the interests of the child -- a social service function, not a collection activity.

B. Medical Support Enforcement

Medical support enforcement also is not a collection activity. The sole purpose of this adjunct to the IV-D program is to avoid future Medicaid costs.

C. Child Support Collections for non-AFDC Cases

Demands for non-AFDC IV-D services have continued to increase over the past several years, resulting in the need to divert additional IV-D resources. Currently, IV-D agencies receive federal incentives for successful non-AFDC collections capped at 100 percent (105 percent FFY '88) of the AFDC caseload collections. As non-AFDC demands and collections increase, our incentives will be eliminated. In Hennepin County, our non-AFDC collections exceed AFDC collections.

Recommendations

We recommend the following:

1. Exclude the costs of establishing paternity and enforcing medical support from the IV-D administrative costs which are used in the formula to determine our incentives. These are non-collection functions, and thus should not be used as a measure of collection effectiveness.

2. The current incentive formula penalizes our efforts to meet the increased demand for non-AFDC services. The formula caps non-AFDC incentive earnings at a level equal to AFDC collections (105 percent FFY '88). Two potential solutions are:
   a. Eliminate the cap on non-AFDC incentives.
   b. Calculate incentives separately for AFDC and non-AFDC using actual costs and collections associated with each independent function.

Other Problems

Counties experience other problems in enforcing Child Support. A common complaint is that there is insufficient coordination on the part of the courts. In some cases, the courts are backlogged on both paternity suits and support orders. Congress should examine a system encouraging the use of Administrative Law Judges or other alternatives to augment the current judicial-based system.

The level of staffing on both the state and local levels is also of concern. While Child Support caseloads are increasing, resources for additional staff have not.

Even if a support system is operating very smoothly, it is very costly for a county to track the self-employed, cash-employed, or sporadically employed persons and enforce obligations on them. And, as mentioned earlier, even if we find them, something needs to be done to get the young man age 16-21, with no education or job skills, to support the child. This requires an additional investment in employability services or public service jobs.

$50 Pass-Through

From our experience, we do not believe the $50 pass-through has achieved its goals. In fact, we would propose that it be eliminated for the following reasons:

A. It has not increased collections.

B. It is expensive to administer.

C. It is not equitable because some clients do not receive it due to no fault of their own.

D. It reduces the amount returned to the federal, state and county governmental units.

Conclusion

In closing, let me repeat that I am encouraged that this Subcommittee is asking: Can IV-D be a substitute for IV-A? My answer is, Not without major changes. Your consideration of the above suggestions may be some steps in the direction of replacing AFDC with a new system of child support.

Thank you for inviting me to testify. I'd be happy to respond to any questions if I am able.

Senator **Moynihan**. Senator Bradley.

Senator **Bradley**. Mr. Chairman, I don't have any questions, other than to say that I think the prospect of our actually doing something this year, on this issue of welfare reform is measurably enhanced by your chairmanship of this subcommittee.

Senator **Moynihan**. We do want to keep on pressing.

Senator **Bradley**. The time seems ripe.

Senator **Moynihan**. Senator Durenberger?

Senator **Durenberger**. I just want to welcome Mr. Kenney to the committee. Would you discuss some of the funding issues for child support enforcement?

Ms. **MacIlwaine**. If they want us to do a better job, why are they cutting the money that we have to do it? One area that needs to be addressed, and I mentioned in my testimony, is that we only get bonus money or incentive money if we get a noncustodial parent who is actually working.

And there are a lot of teenagers who come in with their babies—in fact, in Montgomery County, we have a baby born every other day whose mother is on ADC—and it has been very interesting because we established a teen unit in our welfare department to handle just teenagers who are pregnant and who are on AFDC; and the average age of the father, we are finding now, is about 26.

We are not establishing paternity on those fathers because of the expense of it, if they are unemployed. And I think that is a big mistake. It would be a little more expensive now, but in the long run, sometime—as I said— between the time when that baby is born and turns 18, that father is going to be working. And we should have him on some computer and chase him everywhere to get that money and support that child so that the taxpayers don't have to.

So, I think that the formula does need to be reexamined, and maybe that element somehow put into it. I know it would be expensive, but maybe we can develop new ways for establishing paternity that is not expensive. I am not sure how much we have looked at that.

Mr. **Kenney**. Mr. Chairman and Senator Durenberger, very simply, we do oppose the Administration's recommendation in that area because it does not improve the incentive that the State has to increase its actual collections. There are good policy reasons to establish paternity. It is very administratively costly. There are good policy reasons to go after medical support. Those ought to be policies that are implemented, but they should not be considered in the formula whereby the State gets additional administrative money so they can do a better job of collecting money.

Senator **Durenberger**. Thank you.

Senator **Moynihan**. First of all, I have been around this subject, and there has not ever been—there is no organization—governors, mayors, legislators—we have looked at them all, but NACO has always been here trying to help on this subject. It is something in your constitution or your disposition or whatever, but I want to say that.

And I want to say to Commissioner MacIlwaine that I think it is such an important point that you have made. We are going to have a joint responsibility; and the father is male and he is not working, and it is going to be difficult to get him to accept an 18-year responsibility and try and help. And that ought to be understood.

And you heard Governor Dukakis explain it: it is an affective citizenship. We are talking about citizenship here. We are talking about what the duties of citizenship are. We are talking about how to reform citizens. As Congressman Pepper said this morning, if we don't look after our children, we are not going to have any old folks at the rate we are going. I guess I am puzzled by this problem of establishing paternity.

Ms. **MacIlwaine**. It is very expensive, sir.

Senator **Moynihan**. Why is it expensive? You are talking to someone who doesn't know.

Mr. **Kenney**. Mr. Chairman, I wish that I had more detail. Every time that I get into discussions with our county attorney on it, they start talking to me about how difficult it has become to get the medical expertise that you need to establish paternity. There is something very obstruse and a very specialized method whereby blood tests—which I thought in my day were simple—as well as the long, drawn-out court proceedings. And I am told that it is time-consuming and very expensive, but I don't have any more details on that.

Ms. **MacIlwaine**. I think we need to find ways to do it more cheaply. I am not sure it is the medical part of it. I think it is the attorney's fees and going to court and all of that that is the biggest problem, especially if the county government is responsible for it and has a staff of prosecutors that have to do it. We don't have enough money in our county budget to pay for establishing paternity.

Senator **Moynihan**. All right. That is a technological problem. I wouldn't even attempt to give you the exact science in the matter, but to establish paternity at levels of confidence is about 99.9 percent.

Ms. **MacIlwaine**. You are right.

Senator **Moynihan**. You can prove absolutely who is not the parent, and you have probabilities beyond any reasonable doubt; or you can establish who is. Now, if that is a difficult thing to do, in fact, it is because lawyers are making a lot of trouble—and it is something that they ought not to be doing—but perhaps NACO could give us a little statement on this, on the kind of problems you have?

Ms. **MacIlwaine**. Sure. In fact, we can do some research among our own counties. The reason counties are here so much before your committee, sir, is because we are responsible for welfare administration in most of the States.

Senator **Moynihan**. You are.

Ms. **MacIlwaine**. And my budget alone for welfare in Montgomery County is $206 million. So, it is an important issue to us.

Senator **Moynihan**. $206 million? You are in the southwest, aren't you?

Ms. **MacIlwaine**. Yes. Miami is very close to us, Miami College.

Senator **Moynihan**. Yes. And Montgomery is a rural part of that area?

Ms. **MacIlwaine**. It is Dayton, Ohio.

Senator Moynihan. You have Dayton and you have Miami College. The mayor of Trenton was in here two weeks ago, and his county is a third of the population and 100 percent of the welfare recipients.

Ms. MacIlwaine. We will do some research on why it is so expensive and show you some costs, and we will get back to you on that.

Senator Moynihan. All right. I would like to suggest that a child has the right to know who his or her parent is; and if we let it disappear—and if you ask anybody in the neighborhood, they know—and if lawyers can't find out it is because—well, let's find out why.

We thank you very much. This has been excellent testimony.

Ms. MacIlwaine. Say yes to welfare reform.

Senator Moynihan. Say yes to welfare reforms, says Ms. MacIlwaine.

And now we have the great pleasure to have Marian Weight Edelman, representing the Children's Defense Fund.

Ms. Edelman, we welcome you, and we want to note that you have just written and published your lectures called Families in Peril.

Senator Bradley. And what is the price on that?

Senator Moynihan. $15.00.

Senator Bradley. Whatever it is, it is a bargain.

Senator Moynihan. It is a bargain. Would you introduce your associates, please?

[The prepared information from NACO follows:]

IV-D-AFDC Paternity Establishment

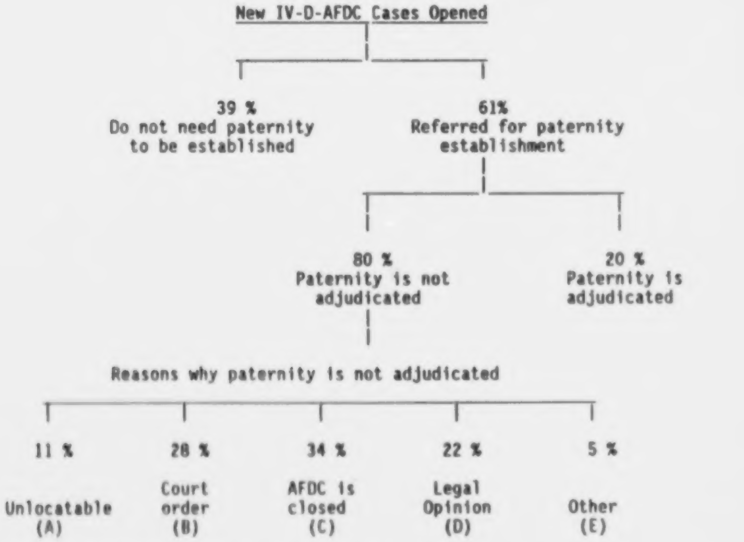
Hennepin County, Minnesota

The information in this document is based on the actual experience in 1986 of the Hennepin County IV-D Child Support Agency for AFDC paternity cases. These cases represent 90% of the County's total paternity cases: approximately 10% of the County's IV-D new paternity cases each month are Non-AFDC.

I. IV-D-AFDC Paternity Adjudication Success Rate

Of the new IV-D-AFDC cases which are opened, 61% are referred for paternity establishment. The other 39%, which do not need paternity to be established, may or may not already have a child support order.

Of the cases which are referred for paternity establishment (the 61%), the IV-D agency is able to adjudicate paternity on 20%. Reasons why paternity is not adjudicated for the other 80% are described below.


New IV-D-AFDC Cases Opened
39 %
Do not need paternity to be established
61%
Referred for paternity establishment
80 %
Paternity is not adjudicated
20 %
Paternity is adjudicated
Reasons why paternity is not adjudicated
11 %
Unlocatable (A)
28 %
Court order (B)
34 %
AFDC is closed (C)
22 %
Legal Opinion (D)
5 %
Other (E)

(Categories are described on next page.)

Reasons why paternity is not adjudicated:

A. "Unlocatable"

These cases are closed after all available location tools have been utilized.

B. "Court order"

These are the cases which went to court but paternity was not adjudicated. The negative finding is usually based on a blood test which excludes the alleged father. Blood testing is usually ordered by the court only after a complaint has been issued against the alleged father and the first hearing has been held. The court then orders the blood test.

C. "AFDC is closed"

These cases are closed before paternity is adjudicated, and the mother chooses not to receive Non-Public Assistance IV-D services after the AFDC case is closed.

D. "Legal opinion"

Legal opinion of the County Attorney is based on many reasons, such as: insufficient evidence to issue a complaint against an alleged father; the mother does not know who the father is, or does not have enough information (i.e. no last name); the alleged father has died.

E. "Other"

Examples of other include: mother is non-cooperative; "good cause" has been demonstrated that valid reasons exist not to pursue paternity adjudication.

It should also be noted that in some of these cases (especially category D), an affidavit of paternity has been signed by the alleged father. This affidavit does protect some of the child's interests. An example of when this might happen: the alleged father is in jail on a 30-year sentence, causing the County Attorney to determine that there is no useful purpose in pursuing adjudication. However, adjudication of paternity is needed to establish a child support order. Having the affidavit does not preclude the County from pursuing adjudication of paternity at a later date.

II. Costs Of Paternity Adjudication

Paternity adjudication is a very costly process, due to the time-consuming activities described below.

A. Court Costs

The cost of taking a case to court usually involves at least 2 or 3 hearings, oftentimes more. It is particularly expensive if the case proceeds through the entire legal process to a jury trial.

B. County Attorney Costs

County Attorney time to interview the mother, prepare the case for court, and actually take the case to court. Communication with other jurisdictions and attorneys is also time-consuming.

C. IV-D Agency Costs

The following activities are the responsibility of the IV-D staff:

Prepare case information upon request of the County Attorney.

Interview the client; oftentimes the client does not appear for the scheduled appointment, so it must be rescheduled.

Complete the paperwork for the blood test, and reschedule the test when the parties (mother, child, alleged father) fail to keep the appointment, which happens routinely.

Maintain the case file.

Communication with the AFDC staff.

Communication with private attorney or public defender representing the alleged father.

Communication with other jurisdictions.

Communication with the Sheriff to get documents served.

D. Other Costs

Actual cost of blood test, and deposition of expert witness.

Cost of serving papers on the alleged father.

Administrative overhead, including clerical and data processing support.

3-5-87

MARIAN WRIGHT EDELMAN, PRESIDENT, CHILDREN'S DEFENSE FUND, WASHINGTON, DC, ACCOMPANIED BY MARY LEE ALLEN, DIRECTOR, CHILD WELFARE AND MENTAL HEALTH, AND BARBARA SAVAGE, SENIOR STAFF ATTORNEY

Ms. Edelman. Thank you, Mr. Chairman. I would like to introduce Mary Lee Allen, who is our welfare reform specialist, and Barbara Savage, who is our child support staff specialist; and they will answer any hard or technical questions. I am just saying what they told me to.

I want to do three things here. One is thank the chairman for his leadership in stimulating a comprehensive and thoughtful debate on potential improvements in our welfare system, including child support and aforementioned training, health care and child care and wage supplementation, and particularly for highlighting the needs of children in the context of this debate.

With one in three of our school children poor, three of five of those who are minority, with one in five at risk of becoming a teen parent, one in six without health insurance, one in six living in a family where there is not an employed parent, and one in seven at risk of dropping out of school, this debate is both urgent and timely; and I do appreciate your leadership and the leadership of your colleagues who have also been good child advocates.

Second, I want to reaffirm the crucial importance of preventive investment in poor families and children as a primary means for strengthening the economic self-sufficiency of low income Americans. In my longer written testimony, we have laid out a range of suggestions for the Congress to invest in education, training and employment opportunities, as well as health and for improving income assistance; and I hope that we can have the lead of this committee when our written legislative agenda for the 100th Congress is finalized as it will be in a few days, if we might submit it for the record; but we think that prevention is the preferred strategy.

Third, we do want to make some specific steps for what you can do this year in trying to move forward efforts to reform and perhaps eventually replace our current welfare system, but I want to make some specific suggestions to improve our child support efforts.

Very frankly, I do not believe that we can consider making child support the cornerstone of an income support assurance program for families and children until significantly greater progress has been made in ensuring that all children are receiving the maximum support to which they are fairly entitled. I think that there are three areas where we might improve our child support enforcement immediately, and I want to use my time now remaining to describe those.

First, we think that significant progress is needed and improving State management capacities and strengthening service requirements; and I have heard Senator Bradley and you and others ask questions about that this morning.

When a mother in the nearby State of Virginia is faced with eviction due to her ex-husband's nonsupport, when she must make 26 calls to schedule an appointment with a child support worker, only to be told that it will be seven months before the agency can help her, we are failing our children.

When a Tennessee District Attorney alone—one person—is responsible for 4,300 open child support cases, we are failing our children. When Missouri, Mississippi, and Washington States fail to take any action at all in over half their paternity cases, we are failing our children.

Steps must be taken now by you to improve basic management and efficiency through increased resources and mandated time limits on case processing. States must also be required to establish functional record-keeping systems, the backbone of an effective collection system. It is a tragedy to hear that my home State of South Carolina lost child support files and, as a result, the State cannot take any action in three out of every ten cases. Which children's futures are being set aside in those cases?

Rather than beginning to phase out the enhanced funding for automatic systems as the Administration proposes in fiscal year 1988. We recommend that Federal matching increase to 100 percent and that all States be required to have automatic tracking and monitoring systems in place by a date certain. It is folly to believe that the 1984 Amendments made to step forward can be implemented without them.

Second, we believe that steps must be taken to increase and improve paternity establishment. The lack of paternity adjudications bars children born out of wedlock from pursuing child support and other legal entitlements from their fathers.

In 1984, 21 percent of all births, or 770,000 nationwide, were out of wedlock for mothers under 20; 56 percent were out of wedlock and for mothers under 15, the most vulnerable, 91 percent were out of wedlock. Although State child support agencies are required to provide paternity establishment services for both AFCD and non-AFDC families, many States have an abyssmal record. Here in the District of Columbia, for example, out of an average annual child support caseload of 48,268 cases, only 583 paternities were established.

West Virginia had a caseload of 38,000 cases, but established only 378 paternities. Children for whom paternity is not even established will never be able to benefit from a child support assurance system. Therefore, we urge you to provide greater financial incentives to States to process paternity cases and to reassert the application of the new 18-year limit on paternity actions to all cases in need of paternity establishment for all children under 18. We also recommend modest funding for demonstration programs that will begin to develop effective ways to counsel teen parents, both mothers and fathers, about the benefits of establishing paternity. We need much more outreach, much more public education; even if these young men don't have adequate jobs, they can find a way to get a few Pampers in there and spend some time at least trying to learn how to become fathers; and I think we need to test out some ways in which we can involve these young people and to give them notice and to warn them about the important responsibilities of fatherhood.

Third and finally, we believe that a child support enforcement system that works is only truly effective if it can deliver child support payments high enough to support children and ensure that children actually benefit from them. Current child support awards, as you know, average about $2,290.00 a year for court-ordered support from 1983; and that is much too low to realistically meet children's needs.

Some progress has been made in this area as a result of the requirements in the 1984 Amendments that States develop guidelines for child support awards. Recent experience in New Jersey, for example, shows that when awards in cases were reviewed against support guidelines, the average weekly support award, which was about $20.00 a week, quadrupled.

As the Administration has recently recommended, steps now must be taken to require that the child support guidelines developed in the States are applied to actual cases. We basically agree with their recommendations. However, before guidelines were mandated, steps must be taken to ensure that they address at least two areas of concern and possibly others as well. First, they must make provision for how to deal with support obligations of those absent parents, who themselves are poor, including those with second families. And second, they must also include some mechanics for automatic review and modification of established awards to respond to changes in income.

Finally, steps must be taken to assure that AFDC families and former AFDC families benefit from the child support due them. These payments can be critical for a poor parent attempting to move from AFDC to a more self-sufficient future. We discuss these in much more detail in our longer, written testimony. Lastly, I just want to come back again to the importance of prevention and to the importance within that of trying to invest in basic skills because we are now finding, as a result of Professor Andrew Summ's work at Northeastern University, the critical relationship between basic skills and poverty and ultimate welfare dependence. And I just hope that Title I—or Chapter I—I tend to call it Title I forever—but with Chapter I this year that the Congress will find some means of beginning to invest much more significantly in seeing that every young person has the basic skills because we now know, from Professor Summ's analysis, that young people—teens who by 14 and 15 have very weak basic skills—they are five times more likely to be teen mothers by the time they are 16 than those with average basic skills.

We now are told by Professor Summ in his analysis of data that youth who by 18 have the weakest reading and math skills compared with those with average skills are eight times more likely to have children out of wedlock and four times more likely to end up on public assistance; and while we do work here this you—and thanks to you—to bolster the enforcement of our child support systems, and while we try to see if we can't reform and replace our welfare system, I do hope again that the Congress can make major strides forward in beginning to put into place the kind of preventive investments that are so long overdue in this nation.

We are going to save a lot more by preventing these problems than by continuing to try to catch up with them in inadequate ways. Thank you for the opportunity to come.

Senator **MOYNIHAN**. We thank you. Senator Bradley.

Senator **Bradley**. Thank you very much, Mr. Chairman. Let me thank you for your testimony, Ms. Edelman. You gave us a number that boggles my mind. You said out of 47,000 child support cases in Washington, DC, that——

Ms. **Edelman**. 583 paternities were established.

Senator **Bradley**. Mr. Chairman, I don't know about you, but I think it is pretty hard to have an effective child support enforcement system unless you have established who you would bring a court order against. It is just incredible. I would like very much to work with you to try to develop something on this part of child support enforcement, as a part of an overall proposal. Let me, if I can, say that I know your view on a number of these issues from your testimony; but just so that we have it clear, you would be supportive of guidelines?

Ms. **Edelman**. Yes, sir.

Senator **Bradley**. Similar to the ones that were instituted in New Jersey and elsewhere?

Ms. **Edelman**. Yes, sir.

Senator **Bradley**. You would be supportive of periodic review?

Ms. **Edelman**. Yes, sir.

Senator **Bradley**. Would you be supportive of immediate wage withholding for AFDC families?

Ms. **Edelman**. Yes, sir.

Senator **Bradley**. And then, you made a very strong case for a real investment in basic skills. I think you said kids are five times more likely to encounter problems than kids who don't have the basic skills. Do you think that that should be a part of an overall welfare reform package?

Ms. **Edelman**. I think again that the broad and comprehensive approach that the chairman has been taking that talks about the need for preventive investment, it is important that the basic skill investment and support services and health care and child care—it requires a multipronged attack. And we think that that comprehensive and multipronged attack is important and that central to that has to be an investment in improving the basic skills of every child.

Senator **Bradley**. Let me thank you and also all of the staff of the Children's Defense Fund. I think that it is just a remarkable public service that you provide every time you come up here because you manage to frame the issues in a way that shatters past impressions. And I want to commend you and thank you very much.

Ms. **Edelman**. Thank you for your leadership, Senator.

Senator **Moynihan**. Can I, before I go to Senator Durenberger, make the remark for you, Senator Bradley? The District of Columbia has an average annual caseload, as Ms. Edelman remarked, of 48,268 cases. The Child Support Agency established only 583 paternities.

Senator **Bradley**. That is 1 percent.

Senator **Moynihan**. Yes. That is not enough. That is a policy. It is a social welfare profession policy not to do this. We have attached to my opening statement, which incidentally I should put in the record——

Senator **Durenberger**. Without objection.

Senator **Bradley**. Without objection. [Laughter.]

Senator **Moynihan**. There is a long and very good article by Blanche Bernstein, which appeared in the public interest. Dr. Bernstein was head of the Human Resources Agency in New York City, the largest such organization in the world. Her article is entitled "Shouldn't Low Income Fathers Support Their Children?" And she describes simply the view—and it was a very firm and established view in the social welfare profession—not unanimous but competent—but the answer is no, they should not. This would disrupt the family by forcing this alien object into it. That is not an accident; that is policy. And I see you nodding.

It just was a view that was held, and I think it is not much held any more; but it stays in place institutionally the way policies will do, long after anybody remembers where it came from. Senator Durenberger.

Senator **Durenberger**. Mr. Chairman, thank you. I would like to express my appreciation to Ms. Edelman for taking the time and making the commitment to testify today. Teenage parents and young parents generally, constitute another whole problem. I guess we can all frown at the mistakes of the social welfare bureaucracy; but with the reality of collection comes that of payment. What is becoming increasingly apparent to those of us in the upper two percent income bracket as we watch our income automatically rise, is that our children's income is going down.

I am amazed when I look at the difference between the way my generation moved into the work force compared to the way my children's generation is moving into the work force. There is a much narrower gap between their income and their living expenses. No one would argue that my children's generation is irresponsible but I would suspect that you, Ms. Edelman, could argue that our expectations for their success in trying to keep people off of the welfare system by pushing 16, 17, 18, 19, 20, 21, 22, and 23 year olds into $3.25 an hour jobs and then asking them to cough up money for rent and transportation and health care and everything else are somewhat high.

I wonder if a brief comment on the downward decline in the income expectation of the young in America wouldn't be appropriate at this time?

Ms. **Edelman**. Right, Senator, I think you are right on point. Obviously, the youth unemployment rates in most of our major cities are just astronomical. A significant number of Black men simply have no capacity to support their families, but again, that reinforces the crucial importance of a comprehensive approach that addresses wage supplementation, that addresses skills and training, that addresses the reality of having jobs there. It is all very nice to say that people should get off welfare; we have got to make sure that the jobs are in place, support services are in place, but we need to also focus in on upgrading the skills and the training and the capacity of people to work.

I generally believe that most people do want to work. We have just got to make sure that they have the capacity to work, both in terms of the preparation and the job reality is there. One of the things that I think will help, however, is what you did in your 1984 Amendments by lifting the paternity issue modes—removing the statute of limitations barrier to 18 years, even though young men may not be able to support their babies immediately. We will want to make clear that there is an expectation with the assumption that we are putting these other measures into place, that in the course of their adulthood they will still be held liable for that.

And secondly, I think we ought to try to grapple, and we are grappling with this at the Children's Defense Fund, as to whether there are in kind ways in which young men can try to begin to learn to be fathers, even if they cannot contribute financially in a significant way. Obviously, being a father is many things, and it goes beyond money.

And I think that trying to begin to instill that expectation in a variety of ways, while we try to invest in new jobs and the wage supplementation—upping the minimum wage, which we favor—and making a major new commitment to basic skills that, in the long run, this is a long-haul thing, and perhaps we can turn around the kinds of situations now that does not have fathers taking responsibility for their children.

Senator **Durenberger**. Thank you.

Senator **Moynihan**. Can I say both to Ms. Edelman and to Senator Durenberger that there is another way of looking at the problem that you state, which is that it describes how much more difficult what we are doing today, or what we are trying to do today, is going to be. I have used the image of social space; that may not be a good enough one, I don't know. But we now have some work at the Urban Institute that Frank Levy has done. You take that median male, and it goes from age 25 to 35, which is sort of being a youth to being settled in.

In the 1950s, that median male saw his income increase by 117 percent; that is what happened to me, in fact. He went from not having very much money to having a lot of money and a lot of responsibility. He never had anything left over, but he could handle a lot more. In the 1960s, that median male increased by about 114 percent; and in the 1970s, by 17 percent. In other words, you went from being 25 to 35 to manhood's full estate, and nothing happened to you. Nothing had happened. The elemental number here is median family income in the United States; it has not increased since 1969. That would be 17 years or so. It peaked in 1973; it has still not reached the 1973 level.

In the history of the nation, there has never been this long a period; that is to say, the median family income today is lower than it was 15 years ago and just what it was at the end of the 1960s.

Now, at the end of the 1960s, in that long period of the post-war period, we never went three years without breaking a record. In the 1960s, I was the Assistant Secretary of Labor and sort of in charge of the Bureau of Labor Statistics, and we broke three records in a row. And we haven't gotten back to the 1973 level since.

Now, at the end of the 1960s, we could propose a guaranteed income. A Republican President proposed a guaranteed income, and it was turned down basically—it wasn't really turned down. The House passed it twice; this committee rejected it; but the main objection or the main accusation was that it wasn't big enough.

And in the whole discussion of a guaranteed income—which we will never see again—the issue of the ability to pay for this never arose.

That just wasn't an issue. It was that it was a good idea, and was it enough? And most people said, you know, it wasn't enough, and therefore we won't have it. We will wait until some good guy like Bill Bradley comes along, and he will give us a real one. [Laughter.]

In 1984, when Mr. Mondale was running for President, Governor Cuomo and I met with him before we endorsed him and said: Can you propose or undertake to have a uniform national standards in welfare and uniform payments of the AFDC unemployed family? He said no; we haven't got the money. No, we haven't got the money. Something that would be considered an inconsequential reform in 1964 was too costly in 1984. A guaranteed income which was not high enough in 1969 can't even be talked about now.

If we are going to help the poor children of this county—and we have to—we are going to have to do it in the context of a public, I think—and I am not here to make speeches—that has got a very narrow sense of how things are going for themeselves. And there is no longer much good in saying we need more of this and we need more of that; we are not getting it. That attitude led us to the last—

Since 1970, all that rhetoric has been wonderful, and the reality is that in the State of New Jersey, for example, the real benefits to children under AFDC have dropped by 51 percent. That is what we actually did to the kids. We talked a good game and let them get battered pretty badly I think. Do you agree?

Ms. **Edelman**. Yes.

Senator **Moynihan**. I mean, that this protracted divide from the prosperous post-war period is going to change the social possibilities here.

Senator **Bradley**. Mr. Chairman, that implies on one level a maximum effort to try to restore growth generally, so you have a little more room, which are pretty big economic choices; and then an extremely thoughtful and well targetted effort to deliver on the promise for the poor kids.

And that is not an easy thing to do in any year, but in the next two years, somehow or another I think that we will take a run at it.

Senator **Moynihan**. All right. Why not? I mean, all we can do is fail, and that won't make as much difference as if you hadn't tried. We are not going to fail.

Ms. **Edelman**. We are not going to fail.

Senator **Moynihan**. Thank you very much.

Ms. **Edelman**. Thank you.

Senator **Moynihan**. We are now going to hear from Carol Curtis of Darien, Connecticut. Ms. Curtis, would you come forward? You wrote a letter to the New York Times last week, and it seems very relevant to what we are doing; and we thought we would ask you to come and we will hear what you have to say.

[The prepared statement of Ms. Edelman follows:]

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BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY
COMMITTEE ON FINANCE
UNITED STATES SENATE

HEARING ON CHILD SUPPORT ENFORCEMENT

FEBRUARY 20, 1987

Presented by

MARIAN WRIGHT EDELMAN
PRESIDENT
CHILDREN'S DEFENSE FUND

SUMMARY

The Children's Defense Fund (CDF) firmly believes in the importance of preventive investments in poor families and children as a primary means for strengthening the economic self-sufficiency of low-income Americans. Child support offers one important opportunity to assist poor children and enable some poor families to remain off the welfare rolls. Targeted investments in education, training and supportive services, a strong jobs strategy, and increased income assistance for poor children are also necessary.

CDF recommends specific steps in each of these areas that can be taken now to move us forward in efforts to reform and perhaps eventually replace our current welfare system.

I. Expanding Child Support Efforts

- Improving state management capacities and strengthening service requirements.
- Encouraging paternity establishment by reasserting the federal law's applicability to all paternity cases and providing increased fiscal incentives to states.
- Establishing fair and beneficial awards by strengthening child support guidelines and assuring that AFDC families and former AFDC families benefit from the child support due them.

II. Investing in Education, Training, and Employment Opportunities

- Targeting assistance to at-risk children and youth with poor basic academic skills.
- Providing separate funding for programs designed to meet the multiple needs of young AFDC parents.
- Developing training and employment services that include individualized assessments, a range of programmatic options, essential supportive services, and transitional child care and health care.
- Changing the structure of AFDC to encourage parents to find paid employment.

III. Increasing Income Assistance

- Requiring states to update their standards of need and phase in combined AFDC and food stamp benefits equal to at least 75 percent of the federal poverty level by 1991.
- Mandating the AFDC-Unemployed Parent Program in all states.

MR. CHAIRMAN:

I am Marian Wright Edelman, president of the Children's Defense Fund, a privately-supported public charity that for nearly 15 years has sought to serve as an advocate for poor children and their families. CDF's goal is to educate the nation about the needs of poor children and to encourage preventive investments which will protect and promote their full and healthy development. CDF's work spans a broad range of public policy issues, including family income, health care, education, youth employment, child care and specialized services that are essential to the well-being of the next generation and to the future of the nation.

I welcome the opportunity to appear before the Subcommittee on Social Security and Family Policy today, Mr. Chairman, and I am particularly encouraged by the thoughtful and comprehensive approach which you have adopted in guiding the Subcommittee's examination of potential improvements in our present welfare system. In past discussions of welfare reform, we have all succumbed to the temptation of focusing too narrowly on essential mechanisms for income support without also exploring ways of reducing the likelihood that American families will be forced to turn to AFDC or other federal programs to meet their most basic needs. Your leadership in stimulating debate on a broader range of issues -- including child support, employment and training, health care, and wage supplementation -- and highlighting the needs of children in the context of that debate offers important and promising new directions for Congressional action.

In my remarks this morning, I want to stress our belief in the importance of preventive investments in poor families and children as a primary means for reducing welfare use and strengthening the economic self-sufficiency of Americans. While discussions of welfare reform continue to emphasize valuable efforts to help AFDC recipients secure employment, too little attention has been paid to preventive investments which can reduce the number of families entering the welfare system. I applaud your efforts, Mr. Chairman, to ensure that these opportunities for cost-effective prevention are fully explored in this year's welfare reform debate.

Child support--the focus of today's hearing--offers one important opportunity to assist poor children and enable some poor families to remain off the welfare rolls. Targeted investments in education, training and support services for low-income families, including disadvantaged youth at risk of becoming parents at an early age and teen parents already on the AFDC rolls, represent another essential component of any long-term strategy to promote self-sufficiency. A strong jobs strategy is also needed to help keep families from being on welfare at all. Finally, a stronger system of income supports for poor children and their families is necessary to provide a solid foundation for the future self-sufficiency of the next generation of Americans -- a generation of children now too frequently growing up in families without the resources to give them a strong and healthy start in life. In each of these areas, CDF believes that there are specific steps that can be taken this year which will move us forward in our efforts to reform and perhaps eventually replace our current welfare system.

These steps toward prevention will require additional federal investments, investments which some will argue we cannot afford. Yet we are already paying a high price for deferred or neglected investments, one that is reflected in the cost of our welfare programs as well as in the lost potential of millions of Americans.

We cannot continue to be so shortsighted. The gains which we can achieve through preventive investments in poor children and their families are clear and compelling. The focus on prevention also offers, as you have noted, the basis for a new, bipartisan consensus which moves beyond the sterile stalemates of previous welfare reform debates. I look forward to working with you and other members of the Finance Committee as you explore these exciting new opportunities for progress.

EXPANDING CHILD SUPPORT ENFORCEMENT EFFORTS

The Children's Defense Fund shares with you the belief that all children have a right to be supported, to the fullest extent possible, by their parents, and that government has a responsibility to help protect and enforce that right. Neither the right nor the responsibility is new. But we continue to struggle with the problem of devising a child support system that meets its responsibility.

Data from 1983 and 1984 reveal that the majority of divorced, separated, and single mothers were rearing their children with no financial help from the fathers. The Census Bureau reports that, as of spring 1984, 8.7 million mothers were living with children under 21 years of age whose fathers were not present; 58 percent or about 5 million of these women were awarded or had an agreement to receive child support payments. Of those due child support in 1983, about half received the full amount they were due, a quarter received a partial payment and a quarter received nothing. One-third of the women heading single-parent families, or 2.9 million, lived below the poverty line. Of them, about 43 percent were due child support, but of those due payments nearly 40 percent received no payments at all.

For mothers below the poverty level who received child support for their children, payments represented almost one-third of their average total income; this compares with less than one-fifth for all women receiving child support. Even the complete payment of child support to women below the poverty level would have had little impact on their poverty status, according to Census data. Still, the majority of all parents without awards (65 percent) wanted the help child support offered, but were unable to obtain it; for women below the poverty level that figure is higher, reported at 75 percent.

We do not believe that we can consider making child support the cornerstone of an income assurance system for families and children until significantly greater progress has been made in ensuring that all children are receiving the maximum support to which they are fairly entitled. We recognize that even at its best child support will not eliminate child poverty or the need for other income assistance. On the other hand, for many children any child support income available for any period may represent an important contribution to that child's well-being, both physical and emotional.

The 1984 Child Support Enforcement Amendments, passed with nearly unanimous bipartisan support from Congress, certainly offer the promise of substantial improvements in child support enforcement across the country. CDF worked aggressively in coalition with others for passage of these Amendments, and is continuing to work with advocates in the states and with legal services attorneys in monitoring their implementation.

Among the most significant provisions of the Amendments, in CDF's view, are those requiring that states permit the establishment of paternity up to a child's eighteenth birthday; provide for mandatory income withholding systems when the absent parent requests it or arrearages equal one month (or earlier at state option); establish guidelines for child support awards (that need not be binding); and establish expedited quasi-judicial or administrative processes for obtaining and enforcing support orders. Although numerous states have begun to make the legislative and administrative changes required by the 1984 Amendments, they have yet to be fully implemented. For example, the Office of Child Support Enforcement (OCSE) estimated that fewer than half the states had established all the relevant legislative initiatives and fully implemented them by the end of 1986. OCSE reported that just 26 states were in compliance with the wage withholding provisions.

Progress is slow. Many of the problems which led to passage of the 1984 Amendments remain and continue to plague the child support system. These include: severe management and resource problems which result in excessive delays and the denial of services; failure to pursue paternity establishment; and the inadequate benefits received from child supports awards. As you look to child support as a source of even greater assistance to children, we urge the Committee to consider seriously some specific legislative improvements that can be undertaken this year to begin to address some of these problems.

Improving Management and Expanding Resources

The child support system in most of the country today is still a large, very decentralized, and often ill-coordinated group of local child support offices, with mixed and uneven success in providing services to applicants. In many states, child support offices are woefully understaffed and applicants for child support services at the Title IV-D agencies cannot obtain the services guaranteed to them by federal law:

- One Virginia mother of two, owed $500 a month in child support, sought help from the state child support enforcement office after her ex-husband stopped making support payments. Faced with eviction, she made 26 calls to the agency before she was able to schedule an appointment (for three weeks later) to see a caseworker. She met with the caseworker and paid an application fee for services. Three weeks after that appointment, the caseworker told her it would take seven months to begin proceedings against her husband because the agency had limited resources.

- In April, 1986, a single district attorney was responsible for child support enforcement for an entire judicial district in Tennessee, and had 4,300 open child support cases.

- Many states simply do not provide services required under federal law. Audits for FY 1984 by the federal Office of Child Support Enforcement found that Missouri and Washington state had taken action in only 46 percent of cases requiring paternity establishment. ("Action" in this context does not mean that the state established paternity. Rather, it means only that the state took some steps in the case, even if that step was as limited as sending a questionnaire to the custodial parent.) South Carolina took action in only 24 percent of cases that required parent locator services.
- In many states, absent parents pay money into the system for the support of their children, but the state does not pay it out promptly, resulting in serious hardship for the custodial parent and children.
- Most states do not have computerized systems capable of the simplest functions of monitoring case status, receiving and paying out child support payments, flagging cases when payments fall in arrears, or generating notices of intended wage withholding. Yet being able to perform these functions is essential if states are to comply with the wage withholding and other requirements of the 1984 Amendments.

The federal promise of child support enforcement will fail many eligible children unless federal law compels states to address some of these management problems. Resources must be allocated for enough staff to respond to demand.

A primary issue is how to hold states accountable for providing services mandated by law. The time limits contained in the 1984 wage withholding provisions put teeth into wage withholding requirements by requiring states to begin initiating wage withholding once payments on a IV-D case fall 30 days in arrears. This time limit means that states must act and must allocate resources to do so. While state implementation of wage withholding is slow, at least child support clients have a standard to which they can try to hold the state.

Unfortunately, there are currently no similar time limits in federal law governing how quickly a state agency must respond to a request to establish paternity, to locate a missing parent, or to begin an action to establish a child support award. Nor are there standards for how quickly a state must pay out child support once it has been paid into the system. Establishing such time limits is an important first step toward making the system work for clients. The time limits provide a measure against which to judge an agency's staffing and management problems, as well as a handle for compelling the agency to satisy federal requirements.

States also must be encouraged to establish functional record-keeping systems -- the backbone of an effective collection system. The 1984 Amendments clarified that states could receive an enhanced federal match (90 percent) to design and purchase a computerized case tracking and management system. Yet many states do not yet have effective automated systems in place. A federal audit in South Carolina, for example, reported that lost child support files mean that the state cannot take any case action on three out of every ten cases. Without decent record-keeping systems, it is folly to believe that mandatory wage withholding and other 1984 requirements can be fully implemented.

Rather than phasing out the enhanced funding for automated systems as the Administration proposes for FY 1988, we recommend that federal matching increase to 100 percent, and that all states be required to have automated tracking and monitoring systems in place by a date certain.

Encouraging Paternity Establishment

Despite the great promise of the 1984 Amendments, many poor children will not benefit from child support unless an intensive effort is made to improve paternity establishment procedures. Until paternity is established, either voluntarily or through a court order, children born out of wedlock cannot obtain child support awards.

There is an enormous need for this service. Statistics for the general population show that 21 percent of all children born in 1984 were born out of wedlock. That percentage is higher among certain populations, including mothers under age 15 (91 percent), mothers under age 20 (56 percent), and black women (59 percent). Data on the general population suggest that less than one-quarter of all women who had out of wedlock births had paternity adjudicated. Recent Census Bureau data reveal that less than 18 percent of never-married women had child support orders. It is no surprise then that only four percent of never-married mothers with at least one child receive child support payments.

Data show, however, that once paternity is established, payment frequently follows. A recent analysis of the patenity caseload in Wisconsin reveals that 77 percent of the paternity cases, once adjudicated, did receive a support award. National statistics follow the same trend: once awards were made to children of never-married parents, child support payments were received in 75.8 percent of the cases. Therefore, the low incidence of awards and payments for never-married women reflects in large part the small percentage of paternity adjudications.

Paternity establishment is also critical for establishing a child's eligibility for Social Security payments (when the father dies or becomes disabled or retires), worker's compensation, inheritance from the father, and numerous other potential public and private insurance benefits. Legally-established paternity also gives the child an important element of identity he or she otherwise would not have and sometimes serves to enhance father-child familial ties.

Sadly, although state child support agencies are required to provide paternity establishment services for both AFDC and non-AFDC families, in many states the record of establishing paternity has been abysmal. Out of an average annual national caseload of 8,400,566 child support cases (including cases that did not require paternity services), only 231,838 paternities or 2.7 percent of the caseload, were established in FY 1985. Given 1984 data showing that 21 percent of all births nationally were out of wedlock, this track record seems dramatically disproportionate to the need. Here in the District of Columbia, out of an average annual child support caseload of 48,268 cases, the child support agency established only 583 paternities. West Virginia had a caseload of 38,102, but established only 378 paternities.

Several specific legal and administrative barriers remain which severely limit the number of paternities established by state child support agencies. The 1984 Amendments significantly improved opportunities for paternity establishment by mandating that states allow paternity suits to be brought at least to the date of the child's 18th birthday, thereby preempting shorter state statutes of limitation and ensuring uniform treatment on this point among the states for children born out of wedlock. At the time of the passage of the new 18 year requirement, ten states had shorter statutes of limitation. At least ten other states had shorter statutes of limitation that had been invalidated by the courts but had not been replaced by their state legislatures. Final federal regulations implementing the Amendments made explicit that paternity cases previously considered to be closed because the child's age exceeded shorter statutes of limitations must be reopened and paternity determination services must be provided.

Some state legislatures have enacted new conforming statutes. However, considerable confusion and conflict remain about the application of the new federal statute and state conforming statutes to three categories of paternity cases: those pending at the time the federal statute was passed; those that were not filed before 1984, but that could not have been filed before 1984 because a shorter statute of limitations had expired; and those cases that were filed before 1984 but that were dismissed because a shorter state statute of limitations had expired. HHS has not clarified the retroactive application of the 1984 change and state legislatures have not been clear on the issue either.

o For example, a case challenging the constitutionality of Pennsylvania's 6-year statute of limitations was in

> process in state court at the time the federal 18-year requirement was enacted. By the time the case reached the U. S. Supreme Court, the Pennsylvania legislature had passed an 18-year statute of limitations, so the case was remanded to an intermediate state court for interpretation of the state statute. In December, 1986, that court refused to apply the longer statute to the case. It is again under appeal to the Pennsylvania Supreme Court.
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> The case was initiated in 1980 on behalf of an eight year old child. The child is now nearly 15 years old, and the alleged father, in the last state court proceeding, admitted paternity. Yet the legal battle continues. One fears that the child will have reached majority by the time the case is finally resolved.

The above scenario will repeat itself in many states unless clarity and uniformity is forthcoming. We believe Congress intended the new statutes of limitation to apply to such situations, and that the 1984 Amendments accomplished that goal. But other courts, like the Pennsylvania Appellate Court, may choose to misinterpret the brief language of the 1984 law. Therefore, we urge the Finance Committee to consider amending the federal statute addressing paternity establishment, reasserting its application to all cases for all children under age 18 at the time of its passage, regardless of whether paternity claims had been made previously or dismissed on statute of limitations grounds. Additionally, the statute should ensure that children whose IV-D cases were closed or given low priority because the paternity statute of limitations had lapsed can be reopened. This can be done by establishing time limits for how quickly states must proceed with paternity establishment services. These time limits should apply to cases already within the IV-D caseload and in need of paternity establishment as well as to new paternity cases.

Procedural issues, however, do not present the only barriers to paternity establishment. An extended statute of limitations will have little impact on increased agency paternity actions as long as the conviction remains that paternity cannot be established without great costs, and with little fiscal benefit to the state. Under the 1984 Amendments, states have the option of excluding costs for paternity laboratory testing from the calculations of a state's cost-effectiveness ratios for purposes of claiming incentive payments. More incentives are needed, however, if paternity cases are to be given a higher priority. For example, states might be given an enhanced match for administrative expenses associated with establishing paternity, including laboratory costs, or be given additional credit for purposes of their cost-effectiveness ratios if they increase their paternity establishment rates to meet new goals set by Congress.

We also believe special efforts must be made to adapt paternity policies to the unique concerns of teen parents who have children out-of-wedlock. Concerns about the adequacy of support for children born to teen parents and the special circumstances of teen parents require that careful attention be given to problems inherent in securing child support on their behalf. States or localities should make efforts to begin to educate and familiarize teens -- females and males, parents and non-parents -- with the responsibilities of all parents, young and old, to support their children financially. Teens also must be taught about the benefits to the children that can result from establishing paternity, and about the various procedures for paternity establishment. Such efforts will require significantly increased interaction between child support enforcement agencies and programs serving teens.

- The Teenage Pregnancy and Parenting Program (TAPP) in San Francisco has had a long commitment to the establishment of paternity for the males it counsels. However, the program finds that the men exhibit ambivalence and confusion that result in resistance to moving ahead. The males fear the legal system and the commitment to child support that paternity represents. But when they are ready to make the commitment they sometimes find that prosecutors are unwilling to take paternity cases when the men are younger than 18 and unemployed.

The TAPP experience indicates the need for special attention to be given to the process and procedures for paternity establishment, especially as they affect young parents. In a few states, for example, a minor cannot voluntarily admit paternity.

CDF urges you to provide modest funding for demonstration programs that will develop effective ways to counsel teen parents -- both mothers and fathers -- about the benefits of establishing paternity and begin to explore how to eliminate barriers to voluntary adjudication of paternity.

Establishing Fair and Beneficial Awards

When child support awards are established, they are often inadequate. Current child support awards (an average of $2,290 a year for court-ordered support in 1983) are too low to realistically meet children's needs. A 1986 Census Bureau Report found the "[e]ven if the women awarded and due payment in 1983 had received all the payments they were supposed to receive, the change in their poverty rate would not have been statistically significant." In an effort to begin to address the problems with inadequate awards, Congress, in the 1984 Amendments, required states by October 1987, to have enacted written guidelines for child support awards (although they need not be binding). When guidelines are in place and if they are adhered to, they should serve to increase the number and amount of equitable awards. Recent experience from New Jersey is encouraging.

- In 1985, New Jersey child support workers reviewed a sample of AFDC IV-D cases. Applying court child support guidelines to the cases, they found that the average support order of $20 per week should be increased to approximately $90 per week. New Jersey has since launched an upward modification project in effect in 18 of its 21 counties as of October, 1986. This project is designed to compare current IV-D support orders with state support guidelines, and to seek modifications of support awards when appropriate. Preliminary results indicate that application of the guidelines frequently results in dramatically increased awards.

The Administration in its Fy 1988 Budget indicated its intention to introduce legislation requiring that guidelines be accorded a rebuttable presumption in the child support establishment process, with each state continuing to design its own guidelines. We generally support such a recommendation, however, we believe that some direction should be given to states as to the content of these guidelines. For example, guidelines developed in response to this mandate should be required to include at least two requirements essential to protecting the interests of the parties:

- First, guidelines must make provision for how to deal with support obligations of those absent parents who themselves are poor, including those with second families. While there are many sophisticated models for guidelines, few deal adequately with the difficult question of whether a low-income second family should be further impoverished in order to meet the needs of the first; and

- Second, guidelines must include some mechanism for automatic review and modification of established awards to respond to changes in income.

Establishment of meaningful guidelines is one essential step toward ensuring that child support awards realistically meet children's needs. If poor children are to benefit from this effort, however, additional steps also must be taken. First, efforts must be made to ensure that poor children, including those on AFDC, see some benefit from awards collected on their behalf. The $50 child support disregard for children on AFDC established in 1984, while modest is an important step, as is the recognition that the disregard should be extended to food stamp calculations. However, current law, which makes the $50 disregard optional, at state choice, for food stamp purposes, but requires that it be wholly funded at state expense, is unworkable. We recommend instead that the child support disregard be increased to $100 for purposes of both AFDC and food stamp eligiblity and benefit calculations, and that the food stamp disregard like the AFDC disregard be made a mandatory, federally-funded provision.

There are other essential changes that are needed in the treatment of the child support disregard. Because of HHS' interpretation that the disregard is to be applied only to current support, many otherwise eligible AFDC children are denied the benefit of child support payments. The HHS position means, for example, that if payment is due in February, but is made

March 1, a child cannot receive the disregard. Or if -- as frequently happens -- one state collects payments from an absent parent on a timely basis but waits several months before forwarding those payments to the state in which the custodial parent lives, the payments are not considered current. Rather than receiving $50 for each month of child support for which the absent parent paid support to the state in which he resides, the child receives nothing (or at best one $50 payment). This system not only denies children the benefit of the disregard, but it also gives states an incentive to delay enforcement, since if they collect arrears in a lump sum they will not have to give AFDC children the benefit of support collected on their behalf. We urge the Committee to amend the AFDC statute to clarify that a family is entitled to a disregard for any support collected, whether it be current support or arrears, and that if the support is collected as a lump sum the family is entitled to a disregard for each of the months of child support obligations that the lump sum represents.

Efforts to ensure that families fully benefit from child support to meet their needs must also address the length of time that a former AFDC family is bound by its assignment of child support arrears to the state which the family made as a condition of receiving AFDC. Congress in 1984 expressed special concern about helping former AFDC families remain self-sufficient when they leave the program (for example, they extended Medicaid and child support enforcement services to them for a mandatory period). Yet the current policy governing assignment of child support rights by AFDC families undermines the self-sufficiency of these families by putting them last in line to collect arrearages.

According to HHS' interpretation of current law, the assignment of arrears a family makes when it first receives AFDC continues even after the family leaves the AFDC program (although the family then has the right to collect current support before the state collects arrearages). Similarly, during the mandatory five month extension of child support services after a family leave the AFDC program, any payment on arrearages must be applied to arrearages owed to the state before they can be applied to arrearages owed to the family. At the end of the five month period, states have the option of whether or not to give arrearages owed to the family priority over arrearages owed to the state.

If we are genuinely concerned about making child support a reliable source of income for low-income families, this policy works an extreme hardship. Families struggling to be self-supporting must make sacrifices when they do not receive current support, and then do not regain any lost ground if and when the an absent parent pays arrearages:

o One Georgia woman, for example, removed herself from the AFDC rolls when it appeared that child support payments offered her a steady source of income. Three or four months after her AFDC case was closed, her ex-husband stopped making regular payments. He did not make payments for a year, resulting in arrearages in excess of $2,000. The mother chose not to return to AFDC. She finally found employment, but incurred substantial debts during the time she was not receiving child support, including approximately $800 in back rent. Her thirteen year old son has back problems that

> went untreated because she could not afford treatment (and still cannot since her job does not provide health insurance). Her ex-husband finally paid $1,000 in child support. However, because of the current federal policy giving priority on arrearages to the state, the mother only received $40 out of that $1,000 and the rest went to the state to reimburse it for past AFDC payments paid to the woman and her son. The $40 was the amount that was considered current support, and it was therefore given priority over arrears owed to the state.
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> The mother then continues to be unable to make up for the debts that built up while she was not receiving support. Her income from a minimum wage job is entirely consumed by monthly expenses for shelter, food, heating oil, and car payments.

We strongly urge the Committee to reexamine the current federal policy, which penalizes former AFDC families who are among those hardest hit when child support payments fall behind. Arrears that accrue after the family leaves AFDC rolls should have priority over arrears owed to the state. Moreover, once a family leaves the AFDC rolls, the right to arrearages that accrued before the family began receiving AFDC should revert to the family, to help compensate them for hardships they endured before they began receiving assistance from the state.

INVESTING IN EDUCATION, TRAINING, AND EMPLOYMENT OPPORTUNITIES

Any effective long-term strategy for promoting self sufficiency and reducing reliance upon welfare obviously must emphasize investments in education and training, as well as enhanced child support enforcement. Although that is not the subject of today's hearings, I would like to mention briefly some of our concerns in this area.

Common sense and careful research both suggest that young people who successfully reach key milestones in their transition to adulthood--strong basic academic skills, a high school diploma, a first steady job or a chance to go on to college--are the most likely to secure stable employment and earn adequate incomes which can support families. In contrast, teens and adults who do not acquire these basic skills and useful work experience are at greatest risk of becoming long-term welfare recipients.

Recent research suggests that the level of a young person's basic reading and math skills is a particularly important factor in shaping his or her prospects for future achievement and eventual self-sufficiency. According to analyses of data from the National Longitudinal Survey of Young Americans by Dr. Andrew Sum of Northeastern University's Center for Labor Market Studies, teenagers with poor basic academic skills are at the greatest risk by far of encountering a diverse range of problems which jeopardize their ability to support themselves and their families in adulthood. For example, youth who by age 18 have the weakest reading and math skills, when compared to those with above-average basic skills, are:

- seven times more likely to drop out of school before graduation;
- four times more likely to be both out of work and out of school;
- three times more likely to become a parent during their teenage years; and
- four times more likely to be forced to rely upon AFDC for income support.

Poverty among young families is both a cause and a result of these basic skills deficits and their consequences. Growing up in a poor family dramatically increases a young person's chances of ending up with poor basic skills: more than three-fourths of all poor youth have below-average reading and math skills. The cycle of poverty is perpetuated as the cumulative results of poverty and weak basic skills -- including high dropout, unemployment, and teen pregnancy rates -- pose additional obstacles to gainful employment and eventual self-sufficiency.

If we are to break this cycle of poverty among our youngest and most vulnerable families, we must strengthen our preventive investments on behalf of poor and minority youth who are not yet parents and who still have a chance to avoid reliance upon welfare. CDF's work on adolescent pregnancy prevention over the past five years has convinced me that we can promote greater self-sufficiency among our youth, including reduced rates of too-early childbearing and subsequent welfare use, through education, training, and supportive services which expand their life options, provide a sense of hope for the future, and make it possible for them to support themselves and their families. It is my hope that Congress will continue to build upon proven successful, cost-effective programs such as Headstart, Chapter I, and Job Corps that target assistance to at-risk children and youth as part of a long-term strategy to reduce reliance upon welfare programs.

In the near term, however, there is also an urgent need for targeted assistance to young families already relying upon AFDC. Teens and young adults who head AFDC families typically have severe educational deficits and face the bleakest employment prospects. Data from the National Longitudinal Survey suggest that the average AFDC mother between the ages of 17 and 21 reads at only the sixth grade level. Two-thirds of such young mothers have basic skills that place them in the bottom one-fifth of all young women in their age group. As a result, families headed by young women tend to remain on AFDC for relatively long periods in the absence of intensive education and training programs to assist them in making the transition from welfare to work.

Few welfare-to-work efforts supported by the federal government or undertaken by states thus far have managed to tackle the difficult problems facing young parents on AFDC who have weak basic academic skills and little or no prior work experience. To some extent, this result is a predictable consequence of drastic reductions in WIN funding (which has declined 70 percent since 1981) and pressures upon states to stretch inadequate resources by serving more recipients, including less disadvantaged groups. Nonetheless, the lack of an adequate response to the needs of young AFDC families is particularly troubling in light of research evidence that they are at greatest risk of extended welfare use and that programs targeted on more disadvantaged populations yield the greatest long-term results. For this reason, I strongly urge the Committee in its consideration of federal support for welfare-to-work initiatives to authorize separate funding for state programs which attempt to meet the multiple needs of young AFDC parents who volunteer for the programs and their children.

Of course, the lack of adequate education and training which blocks the road to self-sufficiency for many teen parents also poses formidable barriers to employment and future labor market success for many adults on AFDC. Many states have sought to address these needs under the structure of the current WIN program. The experimentation in which they have engaged during the past several years has improved our understanding of the keys to success in this important area. However, the existing program still fails to encourage the targeting of scarce resources on more intensive services for more disadvantaged AFDC recipients. As a result, too many state programs are dominated by short-term, low-cost interventions which offer limited assistance to the most employable segment of the AFDC population but fall far short of what is needed to achieve significant labor market gains or lasting reductions in overall welfare use.

Broad consensus seems to have emerged regarding the necessary components of an effective welfare-to-work program. Individualized assessments of participants' needs are an essential foundation for any effort, ensuring that diverse barriers to employment and self-sufficiency are identified and addressed at the beginning of the program. A range of service options must then be available to respond to these diverse needs, including intensive investments in remedial education, vocational training, supervised work experience, and supportive services. Child care assistance is an absolute necessity for many AFDC parents if they are to be freed from child care responsibilities to participate in education and training programs or to accept subsequent employment. Quality child care must be provided while the family is on AFDC and be continued as well when the family is off the rolls and working. Without ongoing child care assistance parents are often not able to make the transition to employment. Finally, provisions for transitional health care coverage are also needed to remove a major obstacle to work effort by AFDC recipients legitimately concerned about the potential loss of Medicaid benefits upon employment in jobs that may well offer no private health insurance.

The Committee has many opportunities to stimulate the development of programs which include these components during its deliberations this year. Requirements that states conduct individualized assessments, develop a range of programmatic options to fulfill diverse needs, and provide quality child care at market rates when necessary are clearly appropriate as part of any redesign of the current WIN program. An increase in the Title XX Social Services Block Grant, the largest source of federal funds for day care, is also necessary to help women leaving the AFDC rolls and other low income working women as well. Extension of Medicaid eligibility for AFDC recipients moving into employment also must be a part of any comprehensive effort. Finally, I urge the Committee to consider some combination of federal mandates and financial incentives to ensure that states target scarce federal resources more effectively on those most in need of assistance.

The success of state efforts to help AFDC recipients make the transition to work also depends heavily upon steps by the Committee to remove existing disincentives to work within the

AFDC program. Key changes which I encourage the Committee to consider this year include:

- extension and expansion of the earned income disregards, eliminating the current four-month time limitation and applying the disregards in both initial eligibility and subsequent benefit determinations;
- eliminating the 100 hour work rule as an eligibility requirement for families in the AFDC-Unemployed Parent Program;
- indexing of deductions for child care and work expenses so that they reflect the actual costs related to employment;
- provision of a special child care allowance for AFDC parents in education and training programs; and
- a requirement that the Earned Income Tax Credit be adjusted for family size and that it be disregarded in calculations of AFDC and food stamp eligibility and benefit levels.

These changes in the current structure of the AFDC program are essential this year if we intend to reward parents who find jobs in order to better support their families.

INCREASING INCOME ASSISTANCE

Consistent with this preventive investment strategy, we must also address the need for early investments and supports for children in poor families to ensure that they too develop the strengths necessary for later self-sufficiency. Too frequently in discussions of welfare reform the needs of children for basic income assistance are ignored as all attention is focused on their parents.

Today we are failing to provide basic income security to many of America's children. This is simply unacceptable in a country with our resources. More than one out of every five children in 1985 lived in families with incomes below the poverty line and more than 40 percent of these were in families whose incomes were less than half of the poverty line.

In most every state families and children who receive AFDC must subsist on assistance at a level far below the poverty line. The maximum AFDC benefit for a family of three in July 1986 was less than half the federal poverty level in 31 states and the District of Columbia. According to federal poverty guidelines, in 1986 a family of three needed $760 a month to meet its most basic needs. But the state of Alabama provided a maximum AFDC grant for a family of three of $118 a month; Illinois provided $341 a month; Massachusetts, a more generous state, provided $476 a month; and California, the top state in AFDC benefit levels (after Alaska) provided $617 a month.

Benefit levels are increasingly inadequate because almost no state has adjusted them to keep up with inflation during the 1970s and 1980s. The level of real AFDC monthly benefits fell by 33 percent in the median state between July 1970 and January 1985.

Even with the help of food stamps, the federal program designed to ease families' food cost burden, AFDC families generally fall well short of the poverty line. In every state except Alaska, a family of three getting food stamps and the maximum AFDC grant in July 1986 was still left below the federal poverty line. In 1986 help provided by these two programs to an AFDC family of three was less than three-fourths of the federal poverty line in forty states and the District of Columbia, nearly double the number (twenty-one) in 1981.

Many Americans spend more on cars each month than states spend for cash assistance to a poor child. In August 1985 the average monthly AFDC benefit per person was $117.70. According to the National Automobile Dealers Association, the average monthly installment payment for a new car purchased in 1985 was $274.56 -- 2.3 times as high.

Initial steps must be taken now to encourage states to increase benefits available to poor children and families. First, the Committee should amend the AFDC statute this year to require states to adjust their need standards, against which AFDC benefit levels are established, to reflect adequately current living costs in the state. And in an attempt to compare living costs across the country, the standard of need in each state must be required to include, at a minimum, basic necessities such as housing and furnishings, food, clothing, transportation, utilities, and other maintenance costs.

It has been almost 20 years since states were last required by Federal law to update their need standards, and in a number of states they remain extremely low. As of July 1986 the need standard for a family of three (theoretically the amount a family requires to support a minimum standard of living in a state) was below the federal poverty line in every state, and in 38 states was below 75 percent of the federal poverty level.

After establishing a benchmark of subsistence, the Committee should further amend AFDC to require states to begin to phase in benefit increases to meet the standard and offer states an enhanced federal match as an incentive to do so. By October 1991, all states should be required to provide combined AFDC and food stamp benefits at least equal to 75 percent of the federal poverty level with subsequent increases to 100 percent. Obviously, we may disagree on timetables, or specific amounts, or as to whether the minimum benefit should be in cash. It is important, however, for us not to lose sight of the need to support our children adequately as we are working to improve child support enforcement efforts and training and employment initiatives.

We must seek to assure all families, including those headed by employed individuals, a level of subsistence that will enable them to meet their children's needs. Rather than penalizing families that are struggling to work, often at very low wages, supplemental assistance should be available to assist them. The expansion of the earnings disregards discussed earlier is a significant step forward in that direction.

An adequate income support system is also critical for families in which parents are not currently able to participate in education, training or employment programs. The parents themselves may have medical or emotional problems, or be caring for others with such needs. For example, the Illinois Young Parents' Program, a special education, training and employment program for parents younger than 21 on AFDC, found that about one-fourth of the parents who chose to enroll in the program had family or other social problems preventing their immediate participation in the program's education or employment components and requiring services from other providers. Some of these parents were homeless or had children who were ill or had physical or emotional problems themselves.

As we work to improve the level of assistance available for poor families, we must also take immediate steps to ensure that these benefits are provided in a way that supports families. At a minimum, Congress should enact this year legislation requiring states to extend AFDC coverage to otherwise eligible poor two-parent families through the AFDC-Unemployed Parent (AFDC-UP) program. Current restrictions on eligibility for the AFDC-UP program that deny assistance to many desperately poor families should also be eliminated. For example, the requirement that the principal wage earner must have received unemployment insurance in the past year or have worked six or more quarters during the prior thirteen quarters should be altered to allow young parents to substitute quarters in school or employment training programs for the prior work history requirement.

As we attempt to support families through AFDC, Congress should also alter 1984 changes in the AFDC program's federal statute that have put additional pressures on young parents to live apart from their own parents. A 1984 change in the way a minor parent's AFDC eligibility is determined requires that a portion of his or her own parent's income (if that grandparent is not receiving AFDC) must be counted as available to the minor parent and the grandchild when they are living in the parent's home, regardless of whether the parent's income is actually available to and being used to help the minor parent and child.

Prior to 1984, the parent's income had to be counted as available only to the minor child but not the grandchild, unless the grandparent actually was contributing to the grandchild's support. As a result of the provision, there is evidence that some teen parents who had been living at home have lost AFDC and medical care for themselves and for their babies and in some cases have been forced to move out on their own.

Another 1984 change in the AFDC program (the standard filing unit requirement) has also placed increased pressure on young teens in AFDC families to move out when they have babies. Because under the change the teen is not eligible for a separate grant for herself and her baby, her own family's already inadequate AFDC grant must be stretched further to meet her infant's needs as well. The additional $30 to $60 a month typically added to the family's grant is barely enough to pay for diapers for the baby and certainly does not cover other basic needs. There is no doubt that the severe economic pressures on a poor household are increased by the presence of an additional infant.

Policies such as these pressure young parents to forego the supports and opportunities that may be available to them if they choose to live at home. They encourage the break-up of extended families and deprive minor parents of their own parents' moral support, help with child care, and other assistance they may need to stay in school, get a certificate of high school equivalency (GED), or work part-time. Therefore, we urge that the Committee recommend repeal of both the grandparent deeming and the standard filing unit requirements that were added to the AFDC program in 1984.

Certainly the challenges involved in better meeting the needs of poor children and families in this country are great. I am encouraged, however, by the increasing consensus about at least some of the essential elements that must be addressed in any strategy to help all families escape poverty. But as you well know, poor families will not be helped by consensus alone. We urge the Committee to begin now to translate this consensus into specific actions this year. I believe the recommendations I have made this morning offer you that opportunity to move ahead. The Children's Defense Fund is eager to work with you as you do so. Thank you.

STATEMENT OF CAROL E. CURTIS, SINGLE PARENT, DARIEN, CT

Ms. CURTIS. I want to thank you very much, Mr. Chairman and members of the subcommittee for inviting me to testify on such short notice. My letter just appeared on Tuesday. I was invited to testify only yesterday, so I apologize for the unfinished quality of my testimony.

Nonetheless, my name is Carol E. Curtis, and I am here as a single parent to tell you why any effort at child support reform must include the courts. My particular experience is with the Family Court of New York State, which I know the chairman is very familiar with. It took me two years and $17,000 in legal fees to collect a support award for my daughter of $126.00 per week.

My child's father, an executive earning a six-figure salary, chose to fight his legal obligation to pay support on the grounds that he was unable to afford it. Well, the lawyers then went to work. We underwent a lengthy discovery process lasting many months to establish his ability to pay.

This included long sessions at my attorney's office where financial records were examined in the minutest detail. When we finally went into court in New York City, we experienced extensive delays. The judge, who was obviously overworked, had to deal with many other types of unrelated cases, often involving juvenile offenders and having nothing to do with child support. As a result, we often waited for an entire morning with the lawyer's meter running, only to be told to come back another day. I missed weeks of work when I needed every penny to support my daughter.

When our case was finally heard, I was humiliated on numerous occasions, particularly when my babysitter and my boss were called in by the opposing attorney to buttress his claims that my child support demands were unreasonable.

After our case was finally heard, it took another four months for the obviously overworked judge to hand down a decision. As it is, the $126.00 per week I receive is not enough to pay for child care, let alone food, clothing, or shelter for my daughter. And although the judge advised me to go back to court to have the award increased after several years, the lowest estimate I have received for the legal fee for this is $5,000.00.

During this time, my daughter became a victim of what one of my friends called the "wishbone" effect. As her parents were pulling in opposite directions, she was being torn apart.

The family court system, ostensibly acting to protect my child, in fact made her its unintended victim. Faced with the prospect of such a costly, drawn-out, and agonizingly long legal battle, what mother can afford to wage a fight like this? Only a mother affluent enough not to worry about the possibility of sky-high legal fees and lost days on the job. In other words, a mother affluent enough not to need child support in the first place.

What message are we sending to fathers? If you don't want to support your child, tell the mother you will hire a lawyer and fight it. Unless she is well off and doesn't care about her job, she may well conclude that the battle simply isn't worth it.

I believe that the courts should be sending a different message. The mechanism by which women sue for and collect child support should be made simpler and cheaper, and the awards must be more realistic. In her book, "The Divorce Revolution," Lenore Weitzman of Stanford University has suggested a number of ways to make the system more equitable, including income sharing on a percentage basis, meaning that the award would go up automatically if the father's income increases. This would eliminate much of the arbitrariness that is characteristic of current support awards; also, to deal with the serious problem of enforcement, we need a system of wage withholding that would go into effect automatically when the order is first made.

These proposals are not only to the child's immediate economic benefit; they would also provide a stronger disincentive for the father to leave his family in the first place, because I believe very strongly that in any effort to reform the child support system, we need to keep in mind that the basic goal should be keeping families together, not pulling them apart.

And I do want to thank the Senator once again for his leadership on this issue. After all, our children are our future.

Senator MOYNIHAN. Thank you. This was very good of you to come down. Every so often, even the best of persons involved in the general administrative or legislative problems need a touch of reality; and you have been there. You don't just have the statistics of those who have. It took you $17,000.00 to get $126.00 payment for your child?

Ms. CURTIS. That is correct.

Senator MOYNIHAN. That is incredible. That is sort of jaundice be jaundice.

Ms. CURTIS. The problem was that the court—the delays—kept it running.

Senator MOYNIHAN. You would just be waiting in court, and as you said, the meter is running.

Ms. CURTIS. The lawyer's meter would be running. We would go and wait. The judge's caseload would be very long, and she would say, well, come back another time. Then, we would all have to set another time when we were available, two or three months hence; and months went by.

The problem was that the judge, I think, had a caseload that was too heavy.

Senator MOYNIHAN. Right. We are trying to move—we are going to hear more from the next panel on this—toward a notion that there be some uniformities. In Wisconsin, they are having an experiment where they have set a 17 percent basis. The first child, 17 percent of your income period. And as it fluctuates, or as the dollar amounts change, the proportion is the same.

And the judge has to think of a reason for not just saying 17 percent. Obviously, there may be reasons. I don't think that I would like to see a system in which you had a pure administrative decision about this; it is a legal decision, but it need not be dekensian—it need not be a nightmare. It need not be disruptive—that wishbone effect you described. I mean, it is a true responsibility, and it ought to be assumed and it ought to be enforced. This is what citizenship involves.

The Family Courts in New York City are not effective. They have not learned how to handle—they have not responded in any institutional way to the extraordinary phenomenon of the dissolution of marriages or the failure of the forum.

This used to be an incident in populations; it is now the normal. It used to be an unusual and peripheral event that we handled in a manner. I think Family Courts, if I am not mistaken, a century ago in New York City were dealing mostly with orphans. People died a lot in the nineteenth century. You know, pneumonia killed you off in February, no matter how well behaved you were; and there were orphans all around, and who would take custody of them and so forth?

Now, it is a different matter all together. And this simple-minded change, such as Professor Weitzman has suggested, can be as calamatous as not changing at all.

What would you suggest we do here? You did hear that we are going to have uniform national standards?

Ms. CURTIS. You mean with regard to divorce?

Senator MOYNIHAN. They are going to have national guidelines, and they expect courts to follow.

Ms. CURTIS. In my particular case, the judge was handling many other different types of cases, not only child support, but juvenile offenders and cases that——

Senator MOYNIHAN. Child abuse, no doubt.

Ms. CURTIS. Child abuse, yes. Perhaps if we could establish a separate part of the Family Court that dealt only with cases of child support, the delays could be cut back.

Senator MOYNIHAN. Right, and when you have a national guideline and the State has adopted a specific one so that, at some level, the judge just has to say: three children, that is 29 percent, or whatever.

Ms. CURTIS. Of course, if we did have a strict system of percentage awards, that would eliminate much of this. I think that that would certainly be a big step in the right direction.

Senator MOYNIHAN. That is where we are moving, as a general proposition; and Ms. Curtis, we thank you very much for your courtesy in coming here today, losing yet another morning at work. But we want you to know that the Committee on Finance, the Subcommittee on Social Security and Family Policy has a place on its witness list for citizens who just write letters to the newspapers.

Ms. CURTIS. Thank you very much.

[The prepared statement of Carol E. Curtis follows:]

Statement of Carol E. Curtis, 32 Hoyt St., Darien, CT. 06820

My experience with the family court of New York City is a good example of what is wrong with the child support system as it now exists.

It took me two years, and $17,000 in legal fees, to collect a support award for my daughter of $126 per week.

My child's father, an advertising executive earning a six-figure salary, chose to fight his legal obligation to pay support on the grounds that he was unable to afford it.

As a result, we underwent a lengthy discovery process, lasting many months, to establish his ability to pay. This included long sessions at my lawyer's office where financial records were examined in the minutest detail.

When we finally went into court, we experienced extensive delays. The judge had to deal with other types of cases, many involving juvenile offenders, and as a result we often waited for an entire morning — with the lawyer's meter running -- only to be told to come back another day.

I missed weeks of work at a time when I needed every penny to support my daughter. When our case was finally heard, I was humiliated on numerous occasions, particularly when my babysitter and my boss were called in by the opposing attorney to buttress his claims that my child support demands were unreasonable.

As it is, the $126 per week I receive is not enough to pay for child care, let alone food, clothing, or shelter for my daughter. And although the judge advised me to go back to court to have the award increased after several years, the lowest estimate I have received for the legal fee for this is $5,000.

During this time, my daughter became a victim of what I call the "wishbone effect:" As her parents pulled in opposite directions, she was being torn apart. The family court system, ostensibly acting to protect my child, made her its unintended victim.

Faced with the prospect of such a costly, drawn-out, and agonizing legal battle, what mother would dare to sue for support? Only a woman affluent enough not to worry about the possibility of sky-high legal fees -- and lost days on the job. In other words, a woman affluent enough not to need child support in the first place.

What message is this sending to fathers? If you don't want to support your child, tell the mother you will hire a lawyer and fight. Unless she is well-off and doesn't care about her job, she may well conclude that the battle is simply not worth it.

The courts should be sending a different message. The mechanism by which women sue for, and collect, child support must be made simpler and cheaper. And the awards must be more realistic. In her book, "The Divorce Revolution," Lenore Weitzman of Stanford University has suggested a variety of ways to make the system more equitable, including income sharing on a percentage basis, meaning that the award would go up automatically as the father's income increases. This would eliminate much of the arbitrariness that is characteristic of current support awards. Also, to deal with the serious problem of enforcement, we need a system of wage withholding that would go into effect automatically when the order is first made.

These proposals are not only to the child's immediate economic benefit; they would also provide a stronger disincentive for the father to leave his family in the first place. For in any effort to reform the child support system, we need to keep in mind that a basic goal should be keeping families together, not pulling them apart.

Senator Moynihan. And now, we are going to hear on the subject that Ms. Curtis has just been talking about. We have a panel of the National Child Support Enforcement Association. And I would like to ask Ms. Carolyn Kastner to come forward. Ms. Kastner is President of the NCSEA and Director of the State and Local Policy, Center for the Support of Children in Cambridge, Massachusetts. And we have Mr. John Abbott, who is Director of the Child Support Program in Salt Lake City, and Ms. Susan Paikin, the Director of the Family Court of Delaware. Ms. Paikin, Senator Roth sends his best regards.

We will just proceed as previously, going as listed in our program. Ms. Kastner?

STATEMENT OF CAROLYN K. KASTNER, PRESIDENT, NCSEA AND DIRECTOR, STATE AND LOCAL POLICY, CENTER FOR THE SUPPORT OF CHILDREN, CAMBRIDGE, MA

Ms. Kastner. Thank you, Mr. Chairman. Thank you for inviting the National Child Support Enforcement Association to be here for these important hearings this morning. We are deeply appreciative to have the opportunity to express our opinions to this committee. We also appreciate the interest that this committee has expressed in the past, in child support legislation and the States performing services for children.

Our work during the development of the 1984 Amendments was really an exciting project for States, Congress and the Administration. And remembering back to those times, there was a lot of push and pull as we all joined efforts to produce the 1984 Amendments. Our hope is that we can continue in that tradition as we work on welfare reform and work with you as you develop your proposals.

Senator Moynihan. Let it be reported that you were absolutely critical to the 1984 Amendments. I don't think that has ever been acknowledged. It is hereby acknowledged.

Ms. Kastner. Thank you. What I want to do this morning is a little bit different from the previous witnesses. The two experts on State programs, Mr. Abbott and Ms. Paikin, will talk about the particular questions that you had asked us to address, which have to do with how state programs work and what would make a model program. I want to spend just a moment to introduce you to our organization because we are not as large or well known as NACO, or the National Conference of State Legislatures; but we are an important organization in this field.

The mission of the National Child Support Enforcement Association is to promote and protect the well-being of children and their families by improving the efficient and effective enforcement of support. Our strength is in our membership and its diversity. We have 1,500 members that represent all 50 States, and those people include State agency officials, attorneys, judges, legislators, researchers, and practitioners.

So, we have a wealth of expertise in background and history and people who have devoted their entire public careers to this subject; and we offer that expertise to your committee as you work on welfare reform.

The 1984 Amendments, as I said earlier, were the result of State experimentation at that time, and we want to urge you, as you look at welfare reform, to maintain your commitment and the resources to the 1984 Child Support Enforcement Amendments. We believe that that is the first principle of continuing to provide for a strong child support enforcement program. The amendments were an important partnership between the States and the Federal Government in codifying state experiments in welfare reform by addressing the major cause of AFDC eligibility—nonsupporting absent parents. So, we think that the continued work in the field of child support can assist people to bring themselves out of that dependency role.

Since 1984, the States have continued to develop even more innovations, and we are now deep into the process of developing prototypes for interstate clearing houses to report on interstate cases to expedite those cases. We are developing interstate standards and forms. We are also working on a variety of special programs dedicated to the questions you were asking earlier about what happens in a case with young fathers of children born to adolescent mothers and unemployed fathers.

In the West, five States have developed a prototype for interstate enforcement, and that program is working to develop a model for how States can interact on an interstate basis. The Indianapolis prosecutor's office has established an alternative young fathers program. Now, that program brings the young man into the office, tells him that he does have to pay his child support obligation, which is established at the amount of $12.50 a week; and then, they provide to him education for long-term skills and attitudes for responsible parenting. And they do this through a combination of job and parenting training. Training on how to obtain and maintain employment. In many cases, the skills necessary to get the job is just the beginning point.

They also offer parenting classes and encouragement for visitation from that young man to his family. Research that we know of indicates that these young fathers would like an opportunity to be responsible fathers, but in most cases they don't have adequate models, resources or understanding of how to carry out that role.

Massachusetts has been well represented this morning—my home State—and their ET program is one of many putting mothers to work. Several States are investigating ET-like programs for unemployed, nonsupporting fathers. We believe those fathers need some assistance in their effort to reach the level of being the responsible parent that they would like to be. In Tennessee, job placement is offered as an alternative when fathers are unemployed. So, they are not given a continuance to come back to court when they are employed, but they are given job placement services.

We believe that the future of welfare reform requires a strong child support program. We believe that the future of child support is dependent on the strength of the commitment that the Federal and State governments give to that program.

Specifically, we would like to provide additional services beyond those that the States are currently providing.

We would like to offer automated systems for expedited case management, record-keeping, enforcement, collection, and distribution. I think Ms. Edelman this morning gave a very eloquent statement on what we would like to see.

We would like to offer a network of interstate clearing houses to close the gap between intra- and interstate case processing.

We would like to offer a strong paternity establishment program with incentives by the Federal Government for that program.

We would like to offer special programs for young and unemployed fathers to assist them in their efforts.

What we need from the Federal Government in order to carry out these responsibilities is a true working partnership with the Federal Government. The States stand ready to work with you to develop a program that would include child support, and we offer our expertise in that effort.

We need a financial investment worthy of the State effort to build a strong child support system.

We need commitment and cooperation from Congress and from the Administration to carry out these ideas that we have.

We also need child support enforcement program stability. And if I say nothing else this morning about child support, I think this is the most important one. We have had continued fiscal, legal, regulatory, and programmatic shifts for a number of years in this program; and as such, our resources in the States have been diverted from our important main objective, which is welfare reform.

Child support enforcement is more than a cost recovery program. It can be a service that gives us more than any welfare grant can ever offer, and I want you to know that we stand ready to work with you on your efforts in child support and welfare reform.

Senator MOYNIHAN. We thank you, Ms. Kastner. I think Mr. Abbott is next. Yes, Mr. Abbott?

[The prepared statement of Ms. Kastner follows:]

CREATING A PROGRAM TO SUPPORT OUR CHILDREN

Testimony Prepared by

Carolyn K. Kastner
President
National Child Support Enforcement Association

Respectfully Submitted To

Subcommittee on Social Security and Family Policy
United States Senate

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CREATING A PROGRAM TO SUPPORT OUR CHILDREN

Introduction

Mr. Chairman and members of the Subcommittee on Social Security and Family Policy, thank you for inviting the National Child Support Enforcement Association (NCSEA) to express our opinions today. As President of NCSEA, it is my pleasure to introduce you to our organization and our philosophy on child support. We appreciate the opportunity to testify before your committee and hope that we may be of further service as you consider child support policy and welfare reform. The Child Support Enforcement Amendments of 1984 are an important model for building welfare reform. We all worked together to craft a successful federal and state program. We would like to continue in that tradition.

NCSEA is a national non-profit organization dedicated to promoting and protecting the well-being of children and their families by improving the efficient and effective enforcement of support. NCSEA is the voice of child support professionals from all 50 states, representing the perspective of all three branches of government and the private bar. Members include more than 1,500 state and local child support agencies, individuals and corporations.

For 35 years NCSEA has been the only national membership organization working to increase national awareness of families in need of support enforcement. Today, NCSEA is recognized as a national leader on issues related to implementing and improving laws, policies and practices for securing adequate support for all children. NCSEA promotes information sharing and provides current analysis of emerging developments in the program through its major program activities -- conferences, workshops, publications, policy briefings and collaboration with organizations with similar interests.

NCSEA's strength is in the diversity and dedication of its members, and staff. Through them NCSEA possesses and shares a wealth of experience. Our members are state agency officials, attorneys, judges, legislators, researchers and practitioners. We offer this expertise as a resource to facilitate the development and application of new and useful concepts in child support enforcement.

State Innovations Led to P.L. 98-378

A unanimous and bipartisan Congress, in 1984, passed and the President signed into law the Child Support Enforcement Amendments of 1984. P.L. 98-378 is a direct result of state innovations in child support enforcement. Many of the components of that law were first tried and found to be successful at the state level. It mandates that every state adopt proven and effective methods to expedite and increase the collection of support for children in need. Further, the law defines the federal role and provides for a fixed and predictable plan for apportioning the reimbursement of the costs of collection efforts among the states and for providing incentives to states whose programs are successful in making collections. The states have enacted legislation and implemented procedures to comply with the mandates and have structured budgets in reliance upon the financing structure set forth in the 1984 Amendments. NCSEA urges the Congress to affirm and maintain the commitments made to the states in the Amendments of 1984.

The Amendments of 1984 document a partnership between federal and state government to expand the mission of the child support program to make services available to all children in need of support. States welcomed the recognition of the child support program as a force against welfare dependency and many of the State Child Support Commissions took the opportunity to direct major changes in their programs. The states have acted in good faith to address the Congressional concern for delivering a needed service to all families that apply, while continuing to recover the costs of AFDC expenditures. States have expanded their services, amended their laws and invested in a program to serve a broader population.

The Child Support Enforcements Amendments of 1984 codify state experiments in welfare reform by addressing the major cause of AFDC eligibility -- nonsupporting absent parents. P.L. 98-378 mandates the most effective tools developed by the states to be used in all states. It also opened the door to further experimentation with grants to states developing model interstate programs, enhanced funding for automated systems development, and a waiver to Wisconsin to further their initiative in child support and welfare reform.

State Innovations Since 1984

Since 1984 states have broken new ground in child support and welfare reform. We have created interstate child support clearinghouses, standard interstate child support forms, new approaches to paternity establishment; and special programs for the young fathers of children born to adolescent mother, and for unemployed fathers and mothers. With your support the states can accomplish even more.

With Support from federal grants established in the 1984 Amendments, states have begun the process of creating standard forms, procedures and clearinghouses to facilitate interstate child support and paternity case processing. A Western Interstate Clearinghouse is being developed by five states to standardize and expedite interstate collections and enforcement. In Delaware, a project is underway that examines all of the alternatives to establishing interstate cases with the goal of measuring the most effective and fastest remedies. Alabama is leading an effort to reform interstate paternity establishment by examining the current laws and procedures and recommending new standards, forms and laws. A multi-disciplinary team of state and federal participants created a complete set of forms to be used by the courts in interstate cases.

In Indianapolis, the Prosecutor's Office has established a Teen Fathers Alternative Program. The goal is to help teen fathers develop long-term skills and attitudes appropriate for responsible parenting. The program includes education and skills development to obtain and maintain employment and a parenting program. The father must pay $12.50 a week in child support and maintain regular visitation.

California and Massachusetts have developed successful employment and training programs for AFDC mothers. Similar programs for unemployed non-supporting parents are being investigated in several states. Tennessee offers job placement services to unemployed fathers as an alternative jail.

The Future of Child Support

The future of welfare reform will require a strong and uniform child support enforcement program. The future of child support enforcement is dependent upon the strength of our commitment to the program. To contribute all that it can the child support enforcement program needs further development and refinement. Those refinements include:

- Automated systems for expedited case management, record keeping, enforcement, collection and distribution.
- Interstate clearinghouses to close the gap between intra- and interstate case processing.
- A state and federal commitment to paternity establishment.
- Special programs for young and unemployed fathers to assist them in their effort to be responsible parents.

To further our efforts in developing and refining the child support program we need:

- A true working partnership with the federal government, the states stand ready to work with Congress and the Administration to design and implement a child support program that will strengthen welfare reform.
- A financial investment worthy of the state effort to build a strong and uniform child support program.

- Commitment and cooperation from Congress and the Administration.

- Child Support Enforcement Program stability. Continued fiscal, legal, regulatory, and programmatic shifts in the program divert important resources away from our main goal -- welfare reform.

Child support enforcement is more than a cost recovery program. It can be a service that gives more than any welfare grant. We welcome the opportunity to work with you to develop the full potential of the child support enforcement program.

STATEMENT OF JOHN P. ABBOTT, DIRECTOR, CHILD SUPPORT PROGRAM, SALT LAKE CITY, UT

Mr. ABBOTT. Thank you, Mr. Chairman. It is a great pleasure for me to once again appear before this committee.

I was asked to talk about model programs in my presentation this morning; and it is interesting to note, at least for me, that when I started to prepare my testimony, I actually thought there was a model program somewhere. I came to find out, at least in my view, that there really is not. Utah has been touted at various times over the past years as leading the nation in the percentage of AFDC recovered, which is in part, the reason I'm here.

As you heard Mr. Stanton indicate this morning, Idaho now leads that; but when you look at the whole question of model program, I have concluded that there really aren't any, but I have also concluded that there can be many.

I would like to talk about the processes that must happen within any child support program. The first thing that you note in the law is that we must establish paternity. Clearly, this is one of the major requirements of the law, but the question has been raised many times this morning: Well, how much does it cost? How many should we establish?

I have an answer, at least from the perspective of the State of Utah. We established last year 1,650 paternity cases. Now, that is with an average AFDC caseload of about 14,000. Those paternity cases each cost us $1,065.00 on average to establish. Now, obviously, that is very expensive. In fact, it is 17 percent of our program cost totally, or $1,758,000.00 a year. I am also concerned, Mr. Chairman, with some of the direction taken by the Federal Government recently, and I have already talked to Mr. Stanton about some of my concerns and hopefully we have agreed to disagree, as gentlemen sometimes do; but it appears from some of the remarks that have been made that they are measuring program success mainly in terms of cost effectiveness ratios.

Senator MOYNIHAN. You mean that $4.95 per dollar?

Mr. ABBOTT. Yes, sir.

Senator MOYNIHAN. If I hear that once more, I am going to resign and go to work for the Bureau of the Budget. I mean, that has nothing to do with this. It is interesting in how you run your office, but what does it mean in regard to child support? Thank you. I thought I was nutty. [Laughter.]

Mr. ABBOTT. I would just mention that if Utah were to cut back on paternity establishment to 600 or 800 cases, we would be more in line with an average State of our size; and clearly, we could cut our costs in half as well in that area. But I don't think that is the direction that this program——

Senator MOYNIHAN. Stop right there. That is very important. We are losing ourselves in this little statistic about how much should you collect per dollar of expenditure. And it never says to you whether you are collecting on two families or 2,000. And you can get yourself in a situation where you know the mother and children live here, and next door is the male parent, and they are all friends. And you just pick two cases, and you can have the most sensational ratios that have ever been seen and not be doing a damned thing.

Mr. ABBOTT. I couldn't agree more, Senator. I just have a few further remarks, that may clarify that point. The first job you have to do, of course, in a child support environment is to locate the absent parents. This is a very labor-intensive process. Optimally, in a model program, it would be more machine intensive with computers doing a lot of the work for you.

Probably, in a model environment, you would have a terminal for every locater with an on-line interface with the State Department of Motor Vehicles, the driver's license division, the Department of Labor, the State tax division, perhaps the fish and game department, and of course, the Department of Social Services.

A comprehensive automated computer system is definitely required in order to carry out our responsibilities; but it also must be tailored to the environment it will operate in. And theoretically, States are eligible for Federal funding at the 90/10 enhanced rate. Other speakers this morning have talked about wanting a 100 percent match rate. Frankly, I will be happy if we can maintain a 90/10 rate, per computer enhancement.

States are being told now that they must transfer a certified system, since the Federal Government has decided that this will be less expensive. Unfortunately, there is no certified system, and transfers are not always the answer.

In fact, each State is totally unique; and while some portions of some systems may be transferrable, there is no such thing as a clean transfer.

In Utah, we spend an average of $2.3 million a year on locate. Remember that locate is an ongoing process. Once you locate the absent parent, establish the order and enforce the order, you often end up trying to relocate that individual or his assets. We have talked a bit this morning about support guidelines. Clearly, that is the second step.

Once you locate the absent parent, you have to establish the order, and this could be done really in two basic ways: either through an expedited judicial process or an administrative process. The administrative process is generally considered cheaper and quicker because it doesn't involve the court in a substantial way. However, whichever process is used, it must ensure due process of law.

In Utah we use both an administrative and a judicial process. The whole area of establishment of orders unfortunately is one that has had a lot of turf protection surrounding it. The judiciary has been reluctant to give up their domain in these areas, and this has been some of the problems that States have had in enacting the 1984 Amendments.

I thought it was 17 States, but Mr. Stanton indicated this morning it was 33 States that had fully implemented these amendments. The States are making progress, and I want to make that perfectly clear. We have a large job to do.

We have appreciated this committee's support. We appreciate your interest in the area.

The next step in the process is the enforcement of the order. Once the absent parent is located and an order is established, enforcement can begin. There are a wide variety of enforcement techniques that States can utilize. The 1984 Amendments have definite requirements in this area, and mandatory income withholding is probably the enforcement tool that will make the biggest difference. We have talked about that a lot this morning, and I believe our organization would support automatic income withholding, as has been questioned this morning.

Certainly, a model State should have all the enforcement techniques specified in the 1984 Amendments, although I must admit that the bonding requirement is really of no value. There are many other collection remedies that would also be in place. For example, there are the quick collection methods or the least costly; and I am referring here to the IRS refund intercept, State tax intercept, unemployment compensation, and some of these kinds of things.

Also, I believe a model State would utilize—where everything else had failed—some criminal enforcement. When people have the ability to pay and really just snub the court order, I think that sometimes criminal prosecution may be in order, although clearly they cannot pay their support if they are in jail. But some jurisdictions have had weekend jail programs that have helped in this kind of thing, and most people learn very quickly when they spend a night in the county jail.

Also, as you know, sir, the Congress in its wisdom in 1984 included in their proposal and their amendments interstate funding. We have been working in the State of Utah with Idaho, Washington, Oregon, and Alaska; and I am pleased to report that our interstate network will be on line effective August of this year. We are one of the first States to have that capability in place.

I am again troubled in this area, sir, that the Administration in the President's budget for 1988 would do away with the funding in that area. We had envisioned that some day all States would be linked into an interstate network. We think it is a mistake—perhaps a lack of vision—that this is being terminated.

The whole question of child support enforcement often comes down to: Do you work AFDC, or do you work non-AFDC cases? Of course, the 1984 Amendments required us to work both caseloads; but what is the proper balance? Frankly, I don't know. In Utah, to be honest with you, prior to the 1984 Amendments, we had a very small—1,600 is all we had—on the non-AFDC side. We did catch the vision of the times, however, and we did what we thought was the right thing.

We advertised extensively. We ran public service announcements night and day, and our caseload grew very rapidly. We now have 12,500 cases and collect more on a monthly basis in non-AFDC than we do on AFDC. So, to some degree, I think we are taking the right direction.

On the other hand, I am not sure because the Federal Government continues to talk about only cost effectiveness. When we took on the non-AFDC caseload in a major way, we had to hire additional staff—40. Those individuals have to be paid. It cost us more money; therefore, our cost effectiveness ratio dropped. So, this is a dilemma that the States are faced with. They don't know how to proceed; and frankly, if the President's budget proposal is passed, there will be 28 States in addition to Utah that will have to substantially cut costs in all areas; and I mean paternity, system development, interstate projects, and non-AFDC case work.

I mentioned earlier that we had led the nation for actually nine years in the percentage of AFDC we recovered; and this is something that is seldom addressed, much more limited in its understanding. In fact, I question sometimes if the Federal Government really understands this perspective since most of them have never really been where the rubber meets the road.

The difference between the Utah program, the Idaho program, and many other States that recover a large percentage of AFDC payments is our caseload penetration. Now, in any State, their cases are basically configured on a bell curve, if you will: the standard model of distribution in a normal population. It is very possible for a State to have a very high cost benefit ratio if they only work within one standard deviation of the mean. In other words, what they do is "cream" the caseload.

We have in Utah a very high staff-to-case ratio. We have one person for every 300 cases. That has allowed us to operate at two and three standard deviations from the mean on that normal distribution curve, and that is why we have a high percentage of AFDC recovered, and that is really the major reason. Any State can do that, but it does require money, it requires staff and all those things.

Senator MOYNIHAN. And that is the measure of success, not that ratio.

Mr. ABBOTT. I would submit to you, sir, that we could reduce our staff in half, collect a five-to-one ratio, and be in the top 10; but actually, the Federal Government would lose money; the State of Utah would lose money; and more importantly, the children would lose their support and their entitlement to know who their father is.

Senator MOYNIHAN. Mr. Abbott, you have a nice Mormon directness about you. I thank you very much.

[The prepared statement of Mr. Abbott follows:]

MODEL PROGRAM, FICTION OR FACT

Prepared by

John P. Abbott

Is there really such a thing as a model CSE Program? The odds would say there must be; after all the program has been in existence for eleven years, surely enough time for programs to emerge as leaders or models for emulation. Perhaps that's why I'm here today, to talk about Utah's child support program, although I would be the first to say we are not currently a model program, at least in the eyes of the federal government. In fact, I recently attended a meeting on February 9th here in Washington and heard the Program Director name the top ten programs; Utah was not listed. He also named the worst ten programs, and here again (fortunately), Utah was not listed. He did indicate later in his remarks that Utah was now number two in the percentage of AFDC recovered recently (we have been number one for the past eight years), recently being passed by our neighbor, Idaho. Consequently, when it came time for questions, I asked Mr. Stanton the basis for his categorization of the top ten programs, and found out that to be in the top ten now means you are in the top ten for cost-effectiveness ratio. I tried to explain the pitfalls of this very simplified method of ranking, but I doubt that I was understood.

Part of my dilemma is that I have been in the program now for eight years, and we now have our fifth national CSE Program Director in that period of time. They all had their own ideas on what constituted being best, so it really came as no shock to hear that a state that a previous director had announced in a public meeting "did not even have a program" was now among the best. The states, given these conditions of not only the goal post being constantly moved but also the rules and referees being changed, leaves the states few options, the only thing we can do is attempt to implement the laws and determine for ourselves what success is.

What Would A Model Program Do, If There Was One?

Establish Paternity

Clearly, one of the major requirements of the law is that we establish paternity. How many? At what cost? The cost of Paternity Establishment in the State of Utah averages 1,065 per case with an annual average of 1,650 being established. Total cost of this initiative is $1,758,086; or 17% of our total program costs. Obviously, if the new way to be in the top ten is driven solely on cost effectiveness, we need to dramatically curtail this activity. Irrespective of our social responsibility to these children, we can cut back to 600-800 and still be in line with similarly populated states.

Locate Absent Parents

This critical first step in the actual process can be very labor intensive, but optimally in a model program it would also be system intensive (machine). A model environment for locate would consist of a terminal for every locator, with an on-line system interface with the States' Department of Motor Vehicles, Driver's License, Department of Labor, State Tax Division, Fish and Game Department, Department of Social Services, and similar data bases. A comprehensive automated computer system is required, tailored to the environment it will operate in, and theoretically enhanced federal funding at a 90/10 match rate is available. Yet states are being told they must transfer a certified system, since they (the feds) have decided that this will be less expensive. Unfortunately, there are presently no certified systems, and transfers are not always the answer. In fact, each state is totally unique, and while some portions of some systems may be transferable, there is no such thing as a "clean" transfer.

Utah spends an average of $2.3 million per year on locate activities. Remember that locate is an ongoing process. Once you locate the absent parent, establish the order, then enforce the order, you often end up trying to relocate the individual, and/or his assets again when he stops paying.

Establish Orders

An order must be established before it can be enforced. This can be done with an expedited judicial process or an administrative process. Administrative Process is generally quicker and cheaper because it doesn't usually involve the court in a substantial way. Whatever process is utilized, it must be done quickly and assure due process of law. In Utah, we use both--administrative is used in 85% of the cases in the larger metropolitan areas, while the judicial system is used in all paternity cases and in rural areas where court backlogs are non-existent.

This has been, along with enforcement, an area of intensive turf protection. The judicial systems in many states have been reluctant to give up their historic domain in the area of establishment and enforcement of orders. It is a slow process to get laws through 50 state legislatures to expedite these processes. In fact, on February 9th, Mr. Stanton indicated only seventeen states had fully implemented the 1984 Amendments. This is understandable--states view themselves as sovereign and sometimes resent the federal government telling them what to do, even if it's the right thing to do! The states are making progress; however, every year collections are going up more than costs, which is very positive when you consider that states are making large investments in automating their systems and servicing the influx of Non-AFDC applicants into their programs.

Given time and support, all states will have expedited administrative or judicial processes.

Enforcement

Once the absent parent is located and an order is established, enforcement can begin. There are a wide variety of enforcement techniques that states can utilize, and the 1984 Amendments made definite requirements in this area. Mandatory Income Withholding is probably the enforcement tool that will make the difference nationwide for the program. It simply requires that if you are employed for wages and you are delinquent in child support payments in an amount equal to one month of current support for over 30 days, that you are subject to income withholding. This must be in place on 75% of all appropriate cases in a state. Other enforcement techniques such as garnishments, wage assignments, etc., may be just as good, but these vary widely with differences in state laws. A model state should have all the enforcement techniques specified in the '84 Amendments; although one, the bonding requirement, is really of no value.

Other Collection Remedies

A model state would also employ and utilize to the fullest extent possible the quick and effective collection methods, such as IRS refund intercept, state tax intercept, unemployment compensation garnishments, etc. Such a state would also utilize criminal enforcement techniques as a last resort, executions on real and personal property, seizure of assets, etc. A state may also contract with private collection agencies on cases they have given up on for a contingency fee.

Interstate Networks

Congress in its wisdom in the 1984 Amendments included funds to be utilized by the states in the development of interstate networks. So often in this business, crossing state lines can put the absent parent into a safe haven, sometimes for years. States have been working vigorously to establish interstate networks. Since Utah's neighbors and the majority of the states in Region VIII had no centralized computer system or were county administered or both, we joined the Region X project. I am pleased to report that our interstate network with Idaho, Oregon, Washington, Alaska, and Utah will be operational this August. This will have a major impact on our ability to work each other's cases in an effective and efficient manner. Several other projects are also well underway in other areas of the country. Unfortunately, the administration has failed to catch the vision of the potential in this area, since they are recommending the phasing out of all projects this fiscal year. This is being done irrespective of the fact that the interstate grant funds were to last in perpetuity; and, that several projects are just getting started.

A model state would definitely be linked into an interstate network, and at one time we believed this could occur nationwide over time.

AFDC vs. NON-AFDC

What would a model state look like in reference to its AFDC vs. Non-AFDC case loads? Who knows? I have no idea. In Utah, prior to the 1984 Amendments, we had a very small (1,600) Non-AFDC case load. We caught the vision of the times, however, and did what we thought was the right thing: we advertised extensively, we ran PSA's night and day, and our case load grew rapidly. We now have 12,500 cases and collect more on a monthly basis in Non-AFDC than in AFDC. Many, many children were out there who needed our services. We provided it for free and paid the fee ourselves. We weren't surprised when we had to hire additional staff to work the cases nor when our AFDC-collection-to-total-cost ratio plummeted as a result of these additional staff working Non-AFDC cases. We are totally amazed, however, at the level of demand the Non-AFDC plaintiffs place on our workers with daily phone calls and demands for support money; after all, they need it to live. We were shocked, again, on February 9, 1987, when Mr. Stanton proudly named the top ten states in the country. Some were states who, in our view, had almost pre-1975 programs. Imagine hearing they were now our superiors. This was even more embarrassing because over the past eight years we have provided technology transfers or system transfers to 1/3 of our sister states, not to mention numerous presentations at national conferences!

If you are going to work Non-ADC cases that don't get support and need the service, it will cost a lot of additional money for both the state and the federal sides of the equation. If you work these cases but also become the clearinghouse for all support cases in the state, the majority of which are paying anyway, you can dramatically enhance your total-collection-to-total-cost ratio.

If the current administration proposal is passed which requires an AFDC-collection-to-total-cost-ratio of 1.4:1, then Utah and twenty-eight other states will have to cut costs in all areas, including paternity establishment, system development, interstate projects, and Non-AFDC case work. Some states to include Utah will also have to cut back on their AFDC work depending on case load penetration.

Case Load Penetration

The difference between the Utah program and many others historically has been our tremendous emphasis on case load penetration. We operate on the assumption (mission statement) that all children are entitled to support from both parents. That means on 25% of our cases we have to first establish paternity to find out who the other parent is. It also means that on all cases, we work them intensively, with a high ratio of staff to cases (approximately 1 FTE to each 300 cases). Any state's case load falls within a normal distribution curve (i.e., bell curve) with the majority of collection potential falling within one standard deviation of the mean. With our staff ratio (and our ability to add staff so long as we collect $2.00 for each dollar we spend), our expedited processes, which we have had for nine years, and our effective enforcement techniques which were in place prior to the '84 Amendments, we have continually increased AFDC collections up until FY 85. Our penetration of the case load regularly operates at three standard deviations from the mean! In 1985 we plateaued and are simply bringing up all the water in the well! This does require resources and expenditures by the state and federal government, but both have always made a profit. I would submit to this committee that we could terminate half our work force and only operate within one standard deviation of the mean and realize a benefit-to-cost ratio of 5:1 or more! That would no doubt put us on the top ten list but the state would lose revenue, the federal government would lose revenue, and most important many deserving children would lose their child support and/or the knowledge of who their parents even were. In other words, if we cream the case load and make a nice benefit-to-cost ratio, in reality we all lose.

It is my belief, obviously, that a model program does not merely cream the case load.

Computer Systems

A model state would also have a "state of the art" EDP system, which no state currently has. Such a system would be primarily on-line, and everyone who worked cases would have a terminal. The system would interface all other helpful state systems, turn out required federal reports and state managerial reports, and handle all distribution. The system would assign cases on a priority basis, have narrative capability, and run production directly off the mainframe for commonly used form letters. The system would also receive case information automatically from 4-A upon case opening. The system would also perform many other basic functions which I will not elaborate on since they are beyond the scope of this testimony.

Management

A model child support program would have management with the ability and latitude to influence a broad range of individuals and groups. The organization would be "value" driven, with a mission statement and goals to support the mission. It would also employ modern management philosophy and operate in a Human Resource Environment which values and respects the individual and uses his or her skills to their fullest potential. Management would work diligently to insure that employees understood organizational goals and values and incorporated them as their own. It would have supportive systems and structures, including the ability to freely communicate up and down, solve problems in a synergistic manner, utilize job agreements that were win/win for both employer and employee, and utilize self-supervision and self-evaluation where maturity levels warranted. Management would insist on excellence and reward outstanding accomplishments with incentives, perks, pay raises, and more challenges. In other words, it would emulate the best practices found in private industry.

Partnership

A model program, in my view, must work in partnership with many other entities. It must have the support of the Governor's office, the state legislature, the judicial system, the private bar, and of critical importance, the federal government. In my opinion, a partnership relationship with the federal government could be the greatest asset. It's also one that states have coveted often but seldom had. It almost seems on many occasions that the federal government has found the enemy and it is us! It is my opinion that when the federal government makes a commitment to work with the states in all areas of this program on a supportive and advocacy basis, then and only then will the spirit and intent of the 1984 Amendments become the law of the land and the children of this nation receive the support they so desperately need.

When the federal government ceases its attempts to obliterate the program with negative legislative initiatives (see the President's budget recommendations for FY 88), policy initiatives that dictate method to an unacceptable degree (see interstate regulations), and requirements that are totally unrealistic (see 10-day deadline on OCSE-56), then the program can move forward at a 15 to 20% level of increase per year rather than the 7 to 10% increases now being realized! We the states desperately need partners in this effort, it is after all a mammoth undertaking.

We appreciate this committee and the supportive nurturing oversight you have provided since the program's inception. Obviously there is no model program, but there can be many with your continued support.

I thank you for the opportunity to be here.

Senator MOYNIHAN. Ms. Paikin.

STATEMENT OF SUSAN PAIKIN, DIRECTOR OF SUPPORT, FAMILY COURT OF DELAWARE

Ms. PAIKIN. Mr. Chairman, I want to thank the Subcommittee on Social Security and Family Policy for this opportunity to provide at least one judicial perspective on child support enforcement; and I also commend the members for their continuing interest in this critical subject.

As originally enacted, passage of Title IV(D) of the Social Security Act of 1974, the goal of this program was clearly overwhelmingly a fiscal one. It has been repeatedly said the primary purpose was to recoup some of the expenditures to State and Federal Governments of the cost of welfare. What has happened in the 1984 Amendments is not only the provision for dramatic new enforcement techniques, so that it is a sharing of the wealth of experience of a variety of different States, but perhaps most importantly a recognition that all children deserve support and that these services should be extended, not based on how much funding the government is going to get back, but what children deserve.

If I can digress a bit from the prepared testimony, I feel somewhat compelled as the representative of the judiciary here to perhaps respond a bit to the system that existed in New York that the last witness described.

While originally I had deferred from describing a model program, if I could just tell you briefly, as Delaware has enacted the 1984 Amendments—and I think we are compelled to enact them—let me describe for you what would have happened if the past witness were in Delaware.

First and foremost, hopefully if she had gone to a private attorney, that attorney would have advised her of the services from the agency at a cost of a $25.00 application fee. And therefore, ethically, he would have advised her that while she was certainly welcome to retain his or her services, she might want to take advantage of the child support services available through the State IV-D Agencies.

Senator MOYNIHAN. Is that your agency?

Ms. PAIKIN. The application fee for a nonwelfare client is $25.00.

Senator MOYNIHAN. Yes, and that is your agency?

Ms. PAIKIN. No, I am sorry. I am with the Family Court.

Senator MOYNIHAN. You are with the court itself, but it is as we have provided? Yes.

Ms. PAIKIN. The State itself has done a lot of work with the private bar to convince them that, while in the short run it may be perceived that they have lost some cases, they really didn't want to work child support cases, anyway. And they have, in fact, effectively advised most clients coming in who are seeking only child support to avail themselves of the services of our Division of Child Support Enforcement.

Senator MOYNIHAN. And you have made that a sort of matter of professional ethics?

Ms. PAIKIN. Absolutely. In addition, if she had just walked into the court house and sought to file a petition, the court would first of all would have advised her that it was to her advantage to go ahead and file with the IV(D) agency. So, hopefully all systems are moving her toward that direction.

Once obtaining IV(D) services, the cost as I said was $25.00. For that, she gets the representation of a State Attorney General in all proceedings. The petition would have been filed within four weeks. After the filing of that petition, she would have been before the Delaware Family Court for a mandatory pretrial, what we call "mediation process," at which the parties would have exchanged financial information, on sworn financial documents; would have at that point had a court support officer help them apply the Delaware child support formula, to which Representative Maroney referred earlier, and one of three things would have happened.

At that very moment—that is, within four weeks of filing—she would have had either a permanent agreement based substantially on that formula, or she would have had an interim agreement until the matter could have gotten to court, or she would have had an interim order entered that very day.

In addition, we have made that interim order, if it is entered, fully enforceable by everything, including our wage withholding laws, which—as previously mentioned—are seven day delinquencies. So, in essence, one missed payment and your wages are attached through an expedited process.

That is at least how Delaware has envisioned the mandates of the IV(D) system working, and I think as John mentioned, the services to those IV(D) clients are particularly important.

In evaluating the current status of child support enforcement, it has to be remembered that Public Law 98-378 greatly expanded its visibility and impact on the courts. From the program's inception in 1974, a few courts with a long-standing practice of using quasi-judicial officials to hear child support cases had taken advantage of cooperative agreements and had worked with it. But the overwhelming majority of the judiciary were both unaware and unaffected by Title IV(D) actions.

Furthermore, although Federal law was passed in the year 1984—as has been previously mentioned—implementing State legislation was not required to be enacted, or the majority of it, until 1986. Thus, there exists a really vital need for both extensive judicial training and also some time to see how these things are going to work and be tested and tried in the courts.

If I can perhaps put this briefly aside and perhaps alert you to some issues that I think are important for the Committee to consider with regard to where you are going in terms of this agenda. One, I agree with what has been said that stability is needed. You have got to give States a period of time in which to evaluate where they are going and make sure the program works.

But there are areas, and I think they have been brought up eloquently prior to now, that are of increasing concern. Perhaps one of the most important areas is the issue of interstate case processing. I think Congress, by the terms of the 1984 Amendments, recognized that you haven't solved the problems. You should remember that the substantive case law that even allows States to prosecute cases on an interstate basis predates, by many years, the existence of Title IV(D).

That law needs to be brought up to date. States have to have a vested interest in working each other's cases and recognize that we are in this boat together. That is a critical and important process. One of the key elements—and I think something that could be easily cured—is that as bad or difficult it is to locate within your own State, to try and locate someone who has moved to another State is incredible. The use of the Department of Labor's Internet network would be something which would provide a distinct advantage for enforcing child support payments.

I am sorry. That is the Department of Labor's Internet Network. As I understand it, it is currently not available to child support to assist in locating absent parents.

And that would provide a great help with regard to linkages between States. Probably the other major issue, which again has been addressed, is the adequacy of support orders, and it is tied into two components: One, the level of orders, and I simply concur with people who have recommended today that support guidelines—whatever those support guidelines be—should be made mandatory on the States through the adoption of either rebuttable presumption or something else that people understand. They should not be permitted to be advisory as they are now. Likewise, under current law, although State agencies are required to both establish and enforce orders, there is no mandate on the 40 agencies to modify.

And I believe that that key issue of modification is critical since everyone will be well aware that circumstances will change and you will need to update the order. There are also major issues with regard to paternity and an alert that whatever kind of workfare, work, or ET program that you have for both absent parents and custodial parents should be looked at in the context of their effect on both child support guidelines as well as child care costs. Also, I would suggest that you don't forget children in foster care and the policy issues underlying what is going to be the next generation of problems, which is the impact on this of second families, because that is the issue that courts are having to deal with, where parties are remarried.

Senator **Moynihan**. The impact on the second family as well as the first?

Ms. **Paikin**. Right. And especially as you get into areas of modification.

[The prepared statement of Ms. Paikin follows:]

JUDICIAL PERSPECTIVES OF CHILD SUPPORT ENFORCEMENT

Susan F. Paikin, Esq.
Director of Support
The Family Court of the State of Delaware
Member, Judicial and Legislative Committee,
National Child Support Enforcement Association

I want to thank the Subcommittee on Social Security and Family Policy for this opportunity to provide a judicial perspective on child support enforcement and commend the members for their continuing interest in this critical issue.

As originally enacted by the passage of Title IV-D of the Social Security Act in 1974, the goal of this intergovernmental cooperative effort was overwhelmingly a fiscal one: to reduce government's burden of supporting poor children receiving Aid to Families with Dependent Children (AFDC) by ensuring that the child support obligation of non-custodial parents was established and enforced. While the original law permitted action by state IV-D agencies on behalf of non-welfare children, states were not encouraged to do so and indeed, faced a financial disincentive for expanded services.

The factors that brought about Congress' re-evaluation of the child support enforcement program ten years after its inception need not be recounted here. Needless to say, judges throughout the country recognized the same epidemic disobedience of court orders that caused the passage of the Child Support Enforcement Amendments of 1984, Public Law 98-378. Without in any way minimizing the critical importance of the enforcement tools mandated by the 1984 Amendments, perhaps the most sweeping change wrought by their adoption was the shift in the program's focus. Although recoupment of the cost of AFDC and foster care payments remain a high priority, the implicit primary goal of the program now is to guarantee all children adequate support from their parents. For state IV-D agencies, this objective is embodied most directly in the requirement not only to offer services to non-welfare custodial parents, but also to advertise those services. As to the IV-A program, the $50.00 disregard passed simultaneously ensures that children on welfare benefit from the support collected on their behalf. The major policy directive for the judiciary is to ensure that all children are treated equally, regardless of the marital status of the parents, or how the case is brought before the Court.

In evaluating the current status of the child support enforcement program, it must be remembered that the passage of Public Law 98-378 greatly expanded its visibility and impact on state judicial systems. From the program's inception in 1974, a few courts with a long-standing practice of using quasi-judicial officials to hear child support cases took advantage of available federal financial support by entering into cooperative agreements with state IV-D agencies. But the overwhelming majority of judges was unaware and unaffected by Title IV-D of the Social Security Act prior to the 1984 Amendments. Furthermore, although the federal law was passed in 1984, most implementing state legislation was not enacted (nor required to be so enacted) until 1986. Thus, there still exists a vital need for both extensive judicial education and time in which the new remedies can be tried and tested in the courts.

When asked to provide this judicial perspective, I was requested specifically to identify those aspects of the Delaware program that enhance the underlying goals of the federal law. Initially, I note that we have both a state administered IV-D program and a statewide Family Court. The latter structure is particularly beneficial, as the Court has subject matter jurisdiction over all cases in which child support may arise directly or indirectly. Thus, the same statutes, court procedures and standards apply whether the child support case arises ancillary to a divorce, by separate petition of a custodial parent, or pursuant to a petition to establish parentage of a child born out of wedlock. An ancillary benefit is the Court's jurisdiction over related matters such as custody and visitation, foster care review, adoption and termination of parental rights and domestic violence.

Perhaps, Delaware's most widely acknowledged advantage is that the Family Court bench independently recognized the need for a uniform standard to establish child support orders and adopted the Delaware Child Support Formula as a rebuttable presumption effective January 26, 1979. For the past eight years, this formula has been applied to every support case, regardless of the stage at which it is resolved, unless the Court was persuaded by the evidence that its use would produce an inequitable result. The existence and acceptance of this standard by the bench and bar has enabled the Court to adopt a mandatory mediation process at which parties attempt to reach a voluntary resolution of the case.

Two important factors are present in this pre-trial procedure. First, no agreement is entered as a court order until it is reviewed for sufficiency by a Master, based on sworn financial affidavits of both parties, together with supporting documents and a calculation of the Delaware formula. The Court thus provides independent oversight to offset any pressure a custodial parent might feel to "settle down" and to ensure that children receive adequate and equitable support from both parents. No agreement for less than the formula is confirmed, unless facts are presented in the written agreement that support the parents' conclusion that a lesser amount is in the child's best interest. Second, if no permanent or interim agreement can be reached at mediation, an enforceable interim order is set immediately by a Master after an abbreviated hearing. This latter procedure is indispensable. The Family Court has long agreed with Congress' conclusion that in child support cases justice delayed is justice denied. It is our experience that the adoption of a statewide child support formula as a rebuttable presumption has allowed judicial control over the adequacy of support orders, while reducing direct judicial involvement to less than five percent of the caseload.

The symbiotic relationship between child support guidelines and effectively expediting child support cases is evident. Courts are being required to handle an ever-increasing volume of cases brought about by higher divorce rates and out-of-wedlock births. Additionally, the publicity concerning the new remedies should encourage custodial parents who either never established an order or gave up hope of enforcing an old one to reassert their children's rights. As jurisdictions move toward the use of quasi-judicial or administrative process, they face the reality that unless support guidelines are provided for these officials, the attempt to expedite the hearing process will merely result in another costly layer of bureaucracy, as the losing party appeals to the judiciary. Where judges continue to hear cases, guidelines likewise ensure adequacy and equity.

Delaware, as well as many other states, has a history of tough child support laws which predate the 1984 Amendments: automatic withholding based on a delinquency of only seven working days; adoption of the Uniform Parentage Act; and, a modification standard requiring petitioner to establish only a change of circumstances. There also has been a coalescence of commitment from all branches of state government to enhance child support services. One highlight is a unique agreement permitting funds derived from Family Court's billings under its Cooperative Agreement to be re-dedicated to improve the Court's child support efforts. This partnership has been recently reinforced during the development of the state's automated child support enforcement system.

Like Delaware, there are numerous jurisdictions with extensive judicial involvement and innovative procedures designed to ensure a fair and speedy resolution of child support cases. The best practice components of these programs warrant continued Congressional and OCSE study for potential transfer to other states. There is no one model program that will work effectively in all jurisdictions. The subject matter is, after all, intrinsically intertwined with state domestic relations law. Nevertheless, it is the active involvement of the federal government to discover and define the most effective state practices that brought about the enormous accomplishments of the 1984 Amendments. This effort should continue.

Recognizing that the centerpiece of the Child Support Enforcement Amendments is a series of enforcement remedies to be adopted and used by all states, it may be another year before the effectiveness of those remedies can be fairly judged. To date, it appears that, as anticipated, the income withholding provision will have the most far reaching positive impact. Perhaps the least effective is the bonding provision. I am unaware of one company that will underwrite a bond that can be defaulted to the custodial parent and child where the obligor breaches the obligation and is not subject to income withholding. While property bonds may assist in those cases where the obligor has significant assets, the remedy is currently unenforceable against the majority of self-employed obligors.

Despite the major achievements of the child support enforcement program to date, it has become evident that there are a number of areas which require further thought and possible legislation, including: interstate enforcement; child support guidelines; modification of support orders; paternity establishment; and a penumbra of issues connected with welfare reform and breaking the generational cycle of poverty.

Interstate Enforcement

It is universally acknowledged that the problems encountered in establishing and enforcing child support orders are exacerbated when the obligated parent resides in a different state from that of the custodial parent and child. Given the mobility of current society, both for valid reasons and as a method of avoiding fiscal and parenting responsibility, the issue of interstate case processing is critical.

By the passage of the Child Support Enforcement Amendments of 1984, Congress recognized both the need for states to pass more effective laws and the myriad of special problems created when more than one state is involved in a particular case. The special appropriation for interstate demonstration projects evidences Congressional acknowledgment that the 1984 Amendments did not contain final solutions to successful prosecution and enforcement of these obligations. One should not lose sight of the fact that interstate child support enforcement is encumbered by substantive state laws that either pre-date the IV-D system (as in the case of URESA and RURESA) or are so new as to be untested (i.e., interstate income withholding). Thus, while federal regulations mandating the effective involvement of state

IV-D agencies will go a long way toward improving the process, it is my belief that OCSE must also maintain and expand its efforts to evaluate and update state laws permitting interstate case handling and provide training to states on the effective use of such laws.

With regard to interstate income withholding, it is unclear at this moment whether the purpose of the law will be achieved: that is, to allow states to transfer a withholding order to the location where the obligor derives income, without subjecting the underlying support order to modification in that other state. Unfortunately, some states have chosen to require that the support order be domesticated in a procedure akin to that set forth in the registration provisions of The Uniform Reciprocal Enforcement of Support Act. Other states have refused to process an income withholding unless the obligor is in default based on the standard set in the responding state. Furthermore, despite the inescapable conclusion that interstate income withholding requests are to be processed as efficiently as instate withholding orders, current practice is severly deficient. It may well be that time, education and OCSE enforcement will relieve current roadblocks. If not, Congressional direction may be advisable.

I note that interstate income withholding and current law permitting recourse to federal courts when a responding state is uncooperative, 42 U.S.C. §660, require as a pre-condition that there be an existing order and that the obligated parent and/or the parent's income can be located. While enforcement is a significant interstate concern, the problems inherent in establishing or modifying an order warrant greater consideration.

The Office of Child Support Enforcement has issued a Notice of Proposed Rulemaking, 45 C.F.R. Parts 301, 302, 303 and 305. If the Subcommittee concurs that P. L. 98-378 granted OCSE broad regulatory authority in interstate cases, I commend to its attention these important regulations and the extensive comments submitted. However, if the agency's Congressional mandate is unclear, I would respectfully suggest that Title IV-D be amended to define each state's obligation in interstate actions.

In either case, two specific areas may warrant legislation. First, as previously stated, the location of an absent parent is a condition precedent to any petition, and perhaps the weakest link in the current program. The availability of the Department of Labor's Internet System would significantly enhance the federal parent locater system. Congress may wish to mandate access to this important information. Second, Congress may reconsider the issue of whether a custodial parent should have recourse to U. S. District Court to establish a support order where the responding state is uncooperative. While audit penalties may be an appropriate federal response to a state's general lack of effort in interstate cases, such disallowances do nothing to aid a child caught in bureaucratic inaction.

Finally, there are a number of ongoing efforts which warrant recognition. In one of the best recent examples of state/federal cooperation, new uniform interstate forms have been developed by a committee comprised of child support professionals from across the country working under the auspices of OCSE. As the petitioner is generally unavailable to the Court, the positive impact of an improved "paper case" cannot be overestimated. Of equal import is the work required to update the substantive state laws (URESA or RURESA) which permit interstate prosecution of child support cases. These efforts, combined with the anticipated benefits from the interstate demonstration grants and the issuance of final regulations should provide meaningful solutions to many of the interstate dilemmas.

Child Support Guidelines and Modifications of Support Orders

Apart from the morass of problems complicating interstate child support enforcement, it is the intertwined issues of child support guidelines and modification of support orders that most warrant further federal consideration and, perhaps, bolder direction. Currently, Public Law 98-378 requires states to adopt statewide guidelines by October 1, 1987; however, it permits them to be advisory to judges and other officials responsible for adjudicating awards. As to updating of support orders, Title IV-D is silent. While states are required to establish and enforce orders, they are under no obligation to review existing orders for adequacy.

By way of a partial disclaimer, I note that my views in this area reflect both Delaware's experience and the work of the Advisory Panel on Child Support Guidelines. These opinions have been reinforced by the positive response of judges who are just now beginning to work with guidelines developed in their own states. While there may be debate as to the type of guideline a state should adopt, I believe Congress will find almost universal acceptance from states that have implemented uniform standards that they can materially improve the adequacy of orders, enhance consistent and equitable treatment of litigants and facilitate more efficient adjudication of cases.

There are two issues raised by current law. First, where guidelines are adopted as advisory, there is a concern that the federal mandate to treat all children equally will not be met. Common sense and fundamental fairness require consistency within a state; the level of a child support award should not be dependent upon either the nature of the proceeding in which it was obtained or the skills of an advocate. Giving rebuttable presumption status to guidelines is one method of ensuring equal treatment, while permitting individual variance where the amount derived from such a standard would produce an inequitable result.

Second, many states currently bar modification of a support order, absent a showing that the original award is unconscionable. Such a standard is a distinct disservice to children and to governments bearing the cost of supporting them. All available evidence supports the conclusion that the guidelines currently under consideration by states will significantly raise the level of support awards. Congress may wish to consider addressing both the standard upon which an order may be reviewed and whether the adoption of a statewide guideline should be deemed in and of itself a circumstance warranting modification.

A pilot project in New Jersey amply demonstrates this point. After adopting a new child support standard, New Jersey reviewed 1,514 AFDC orders that were at least two years old and held modification hearings on those cases. The State reports that the average order increased from $116 to $259 per month, and that in one-fourth of these cases, welfare was terminated as a direct consequence of the increased child support. Two other states may present models for Congressional review. California has enacted a statute specifying that the adoption of its guideline is a change of circumstance for purpose of obtaining a modification in the child support award. Michigan has mandated that every AFDC support order is automatically reviewed every two years, and non-welfare custodial parents are permitted to file a modification request after the same time lapse.

For a more detailed analysis of this issue, I commend to the Subcommittee the Advisory Panel Recommendations submitted this month.

Paternity

What is often most troubling to judges regarding the establishment of paternity is the apparent delay in bringing the cases to court. While scientific evidence had assuaged some of the prejudice to the named father occasioned by the failure to bring a petition in a timely manner, the child support lost is rarely recovered. In light of both the $50 disregard (payable only as current support) and the Bradley bill (H.R. 5300) establishing support payments as judgment when due, children are being deprived of significant rights when a paternity case is prioritized "to the bottom of the pile."

There cannot be a more important task for a child support agency than to establish the birthright of children born out of wedlock, regardless of the immediate financial potential of the case. I recognize that these cases are often not cost-effective in the year the petition is brought; nevertheless, they represent an investment in the future. States should be encouraged to act.

At the same time, Congress may wish to study the high percentage of cases in which the named father is excluded from paternity, and the public policy issues presented by the adoption of the Uniform Parentage Act. Finally, OCSE should be encouraged to continue its support for projects aimed at improving procedures for establishing paternity in interstate cases.

Welfare Reform

It is difficult to hear child support cases on a regular basis without becoming increasingly aware of the overarching issues of generational poverty exacerbated by teenage pregnancy, illiteracy, and the lack of sufficient job or educational skills necessary to obtain and hold meaningful employment. Regardless of the guideline a state adopts, it is clear that the establishment and enforcement of child support orders standing alone will not resolve the povertization of women and children.

I understand that discussions on welfare reform by all interested parties include consideration of work training programs for both support obligors and AFDC recipients. While indisputably beneficial, such programs must be carefully drawn to factor in their impact on how support orders are established and enforced. As with paternity establishment, the key issue for

Congress and the states may be the willingness to adequately fund an effort that should have a significant long term benefit, but will have a high short term cost.

There are a myriad of other IV-A requirements that directly impact on child support cases. The $50 disregard not only has encouraged recipient participation and benefited children, but also has allowed non-custodial parents to feel that their support payments make a positive impact on the standard of living of their children. As an aside, it is a perfect rebuttal to the "pampers and milk" defense to non-payment of support. On the other hand, the Standard Filing Unit rule, 45 C.F.R. §206.10 (a) (1) (vii) (1985) has stirred concern and complaint from both obligors, who strenuously object to the involuntary placement of their children on the welfare rolls, and from custodial parents who have seen their family income reduced. This latter regulation may be worthy of Congressional reconsideration.

Again, I want to thank the Subcommittee for the invitation to participate in these hearings. While these comments have been lengthy, I hope they prove useful. In significant part, the urge to move constantly forward is a direct result of a nationwide consensus on the potential this program has to better the lives of all children. Review and innovation must be ongoing; an equally critical task is to reinforce the remarkable public policy achievements of P. L. 98-378 through education, enforcement and continued financial commitment. I look forward to having the opportunity to work with you on both tasks.

Senator Moynihan. Now, we are going to have to move along out of courtesy to witnesses who have yet to be heard. We obviously overscheduled; that is the problem that many of us have in politics.

I would like to say that we so much appreciate your testimony, and you are not going to get away without having to help us on a couple of things here. First, these are assignments; all right? You will do the following assignments.

Ms. Kastner, I want you to write us a paper on why it costs so much to establish paternity. In the spirit that Ms. Paikin described that you can go to a lawyer and pay if you want about $17,000.00 or you can go to the bureau and pay $25.00 and let the Attorney General do it for you. Now, there is something the matter here. Why is it like this in the District of Columbia? And are we faced with a kind of doctrinal opposition which just doesn't want to do it and won't? And sometimes, family courts will be part of that process.

Mr. Abbott, you are going to give us a paper that tells us what are, in fact, the reductions in Federal support for this program that are in the proposed budget. You say 28 States will do that. Now, Mr. Stanton didn't know about that. I mean, that poor man, he has to go back downtown; but we want to know about it. We want you to tell us about it, and again, we will give you legislative immunity——

Mr. Abbott. I appreciate that. [Laughter.]

Senator Moynihan. You cannot be arrested on the way to or from this committee. We would like to have that because it gives us a sense of where things are working—the point about stability that you made.

And Ms. Paikin, you are obviously so adept in this matter. The whole idea of interstate networks—you mentioned the DOL Internet. You are going to tell us what the Internet means and talk about how we should move toward a national system. I was surprised that you, Mr. Abbott, mentioned fish and game licenses and things like that, but you didn't mention Social Security.

Mr. Abbott. We get that through the Federal Parent Locate Service, and the Internal Revenue Service.

Senator Moynihan. You do?

Mr. Abbott. Yes, sir.

Senator Moynihan. To try to do it through the New York City income maintenance offices, it cannot be done. I spent a morning in one, and they said: Not a chance. Somehow, they have managed to block access to the—out in any Social Security Regional Office, you bring up a file in nanoseconds. The technology is there, and there is something against the use of it, I think.

Would you ask about the use of locaters? Give us a little essay on what they have done; will you do that for us? We really will appreciate it.

If you have any other thoughts, will you let us know? You won't go away? You will keep in touch?

Ms. Kastner. We would love to.

Senator Moynihan. Thank you very much. We are much indebted to you.

Mr. Abbott. Thank you.

Ms. Paikin. Thank you.

Senator **Moynihan**. We are now going to hear a sort of reprise from the American Public Welfare Association. Mr. Heintz, who is Commissioner of Income Maintenance in Hartford, Connecticut; and Mr. Fulton, who is the Director of the Department of Human Services in Oklahoma City.

We would have heard you in a blizzard, but we had to take the testimony on the record. But now you are back and we welcome you both, gentlemen. Mr. Heintz?

STATEMENT OF STEPHEN B. HEINTZ, COMMISSIONER, DEPARTMENT OF INCOME MAINTENANCE, HARTFORD, CT

Mr. **Heintz**. Senator, thank you very much. You are most kind to take us back today after having been snowed out at the last hearing, and we appreciate it very much.

At that hearing, you really focused on the primary question that has been the premise for this whole series of hearings, and that is whether the welfare system as it currently exists ought to be reformed or replaced.

I am here representing a committee of State and local welfare administrators who have spent the past year and a half reexamining the very system we administer and who concur, Mr. Chairman, with your conclusion that in fact our system is no longer relevant to the nature of American poverty today and in fact must be replaced. And I have been very encouraged in the weeks since that hearing on the 23rd of January—that we missed—that there appears an emerging concensus on a number of these issues, which you have been very active in leading and forging. And we would congratulate you and thank you for your leadership in that effort.

I think the concensus is in fact that we must now, in this day and age, reform and replace the welfare system on behalf of our children; and I think there is also a concensus emerging on what the elements of that replacement ought to be.

The idea of a contract expressing the mutual obligations of welfare clients and welfare agencies as a reflection of the social contract that we make in our society. The critical importance of self-sufficiency usually, most often, through work. The critical importance as well of a more rational, more humane system of income support for low income families. Changes in the very ways in which we assist the welfare population; and in our view, that means a system of case management, which you asked us to tell you more about, and I will. And finally, the focus of today's hearing, concensus on the notion that parents—and that is both parents, as we have heard earlier—have the responsibility for the support of their children and that public policy and public programs must encourage, must reinforce, and ultimately must enforce that responsibility.

These points mirror quite closely a comprehensive welfare package that we issued in November in a report entitled "One Child in Four." And I am pleased to say that our committee of State and local officials is a very diverse group of welfare professionals.

We come from States like Oklahoma, where my colleague is from, and States like Connecticut where Republicans and Democrats, where liberals and conservatives—some of us are social workers—many of us are not—and in forging a concensus among that kind of diversity in the human services field, we also believe we are offering a proposal that can achieve consensus among the public and among elected representatives.

The proposal we have made is also quite similar to a National Governors Association draft policy which we hope the Governors will be adopting at their meeting in Washington next week. And I would like to quickly highlight for you the major elements of our proposal, which we call "The Family Investment Program"; and then my colleague, Bob Fulton, will discuss in more detail the relationship to child support enforcement.

The first element of our program is the client/agency contract. It is a simple written document that is negotiated mutually between an applicant for public assistance and the public assistance agency. And it details, on the one hand, actions that the client is going to take in an effort to achieve greater self-sufficiency, education, training, seeking of employment and maintaining of employment; and on the other hand, it binds the agency to an agreement to provide the services that are necessary to support that process—day care, training slots, and income security.

We would require that work or education toward work be expected of all parents whose children are age three and above; and for other parents, we would expect that they would also participate in some more limited out-of-home activity that would lead to either a strengthened family or long-term employability.

The second element of the family investment program is the establishment in all States of comprehensive welfare to jobs programs, like many States are currently operating under the WIN demonstration authority that you have sought to secure for us. These programs must include options for the clients in terms of basic education, literacy, basic skills, specific job training, supported work, on-the-job training, employment, et cetera. And it also must mean that the services like day care, which are so critical to the movement from welfare to work, must be available to support that.

The third element of our proposal and perhaps the most significant is we suggest that the current programs of aid to families with dependent children, food stamps, and low income energy assistance, as they are now available to families, be replaced entirely with something we call the "Family Living Standard." The family living standard would be federally mandated and designed approach for each State to actually survey the costs of the basic needs of family life within their State's borders.

We also believe that aggressive support of child support enforcement is an important part of looking at a family's income and that cash assistance must be the last resort when all other forms of income are inadequate.

Senator Moynihan. Cash assistance is the last?

Mr. Heintz. Exactly. Finally, Senator, the case management system will help clients and workers together assess the total needs of a family, not just for cash assistance, but for other kinds of help and help them navigate what is now a very complex maze of social services, of programs, and of agencies. Our proposal really is an investment strategy, an investment in our children and in the strength of their families; but it can also be described as a comprehensive child support program because our starting point is the same as yours—that too many children are in poverty, that too many children receive inadequate support—and that means both inadequate income support as well as inadequate developmental support—and that too many children are unable to grow up healthy—physically, intellectually, and emotionally.

In our proposal, the primacy of parental responsibility is supported by the contract; and it is reflected in the belief that work is an important part of family life. We can talk to you more in detail—since my time has run out—about case management; but that has four basic elements.

The first is the assessment working with the client, to help them assess what their total needs may be. The second is to develop an action plan, again negotiating with the client as to what makes sense for them to meet their own individual circumstances and to help them overcome the very particular barriers to self-sufficiency that they may face. The third is a ranging access to the needed services and programs, with an emphasis on assisting the client to do that for him or herself and not in some paternalistic fashion, doing it for the client.

And the fourth is monitoring the implementation of the action plan, both through the progress of the client in meeting the goals and time frames and benchmarks set out, but also in assessing the agency's performance in providing the necessary support services.

Before I conclude, Mr. Chairman, I cannot leave the Senate Finance Committee and this subcommittee without putting in a good word for WIN in its last days. As you know, we face a very critical deadline. The authority for the WIN program expires in June of this year; and while we all agree we need to devise a better system of employment and training for welfare recipients over the long term, we must do something in the short term to keep what are very good programs in most of our States operating, helping welfare recipients move into jobs.

In concluding my remarks, Mr. Chairman, I return to our starting point and yours. For far too many children, life is miserable in our country in this day. Far too many live in poverty, and there is far too much suffering. To those who might say to us that now is not the time, we would ask a simple question in response: What is the alternative? To fail to act is to condemn more of America's children to diminished lives, to lives—and I borrow from Hobbs, and I mean Thomas Hobbs—lives that are nasty, brutish and short. Thank you, Mr. Chairman.

Senator MOYNIHAN. That is very impressive. Solitary, nasty, brutish——

Mr. HEINTZ. Exactly right.

Senator MOYNIHAN. We want to hear more about that, and I particularly want to get your feelings on whether we can keep the WIN authority appropriations; but we will have to work at that. Let's first hear from Mr. Fulton, as you appear together. Mr. Fulton, we welcome you.

[The prepared statement of Mr. Heintz follows:]

STEPHEN B. HEINTZ

COMMISSIONER

CONNECTICUT DEPARTMENT OF INCOME MAINTENANCE

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY. I PARTICULARLY APPRECIATE A SECOND CHANCE WITH THIS SUBCOMMITTEE, AFTER HAVING BEEN SNOWED OUT OF WASHINGTON THREE WEEKS AGO. MY APOLOGIES FOR THAT NONAPPEARANCE.

IN THE WEEKS SINCE THAT EARLIER HEARING DATE, MR. CHAIRMAN, MY COLLEAGUES AND I HAVE BEEN GREATLY ENCOURAGED ABOUT THE PROSPECTS FOR REAL AND COMPREHENSIVE WELFARE REFORM, IN LARGE MEASURE, BASED ON REMARKS YOU HAVE MADE IN HEARINGS AND IN THE PRESS, AND ON THE SUPPORT YOU APPEAR TO HAVE FROM A NUMBER OF YOUR COLLEAGUES FROM BOTH SIDES OF THE AISLE.

MY COLLEAGUE, BOB FULTON, AND I AGREE WHOLEHEARTEDLY WITH YOUR VIEW THAT THERE IS A CONSENSUS EMERGING IN THE CONGRESS, IN BOTH POLITICAL PARTIES, AND IN THE COUNTRY AT LARGE--NOT ONLY ON THE NEED FOR A COMPREHENSIVE RESTRUCTURING OF OUR SOCIAL WELFARE SYSTEM, BUT ON MOST OF THE ELEMENTS THAT ARE CRITICAL PIECES OF SUCH A REFORM.

THE POINTS OF CONSENSUS INCLUDE:

- THE IDEA OF A CONTRACT BETWEEN THE WELFARE CLIENT AND THE AGENCY--REFLECTING THE MUTUAL OBLIGATION THAT EXISTS BETWEEN POOR FAMILIES AND SOCIETY AT LARGE.

- THE CRITICAL IMPORTANCE OF SELF-SUFFICIENCY--USUALLY THROUGH WORK; A GOOD JOB. AND THE NOTION THAT IT SHOULD

ALWAYS BENEFIT A FAMILY TO WORK RATHER THAN TO BE DEPENDENT ON WELFARE.

- THE NEED FOR A CASH ASSISTANCE SYSTEM FOR THOSE WORKING TOWARD SELF-SUFFICIENCY THAT IS RATIONAL AND BASED ON REAL NEEDS AND REAL COSTS.

- THE NEED FOR CHANGES IN THE WAY IN WHICH OUR AGENCIES OPERATE TO ASSIST CLIENTS--I SPEAK PARTICULARLY OF THE CASE MANAGEMENT APPROACH IN WHICH YOU HAVE EXPRESSED INTEREST, MR. CHAIRMAN, AND WHICH I WILL ADDRESS MORE FULLY LATER IN THESE REMARKS.

- FINALLY--AND THE THRUST OF THIS PARTICULAR HEARING--THERE IS INDEED CONSENSUS EMERGING ON THE NOTION THAT PARENTS ARE ALWAYS RESPONSIBLE FOR THEIR CHILDREN--AND THAT PUBLIC POLICY SHOULD ENCOURAGE, AND WHEN NECESSARY, ENFORCE, THAT RESPONSIBILITY.

THE POINTS OF CONSENSUS I HAVE JUST OUTLINED MIRROR A COMPREHENSIVE PROPOSAL FOR WELFARE REFORM PUT FORWARD BY MY COLLEAGUES LATE LAST YEAR--THE PROPOSAL FOR A FAMILY INVESTMENT PROGRAM CONTAINED IN THE AMERICAN PUBLIC WELFARE ASSOCIATION REPORT, "ONE CHILD IN FOUR." I MIGHT NOTE THIS CLOSELY RESEMBLES THE NGA WELFARE REFORM POLICY STATEMENT LIKELY TO BE ENDORSED BY THE NATION'S GOVERNORS AT THEIR WINTER MEETING EARLY NEXT WEEK.

I WOULD LIKE TO JUST BRIEFLY HIGHLIGHT THE ELEMENTS OF OUR FAMILY INVESTMENT PROGRAM:

- A CLIENT-AGENCY CONTACT REQUIRING ACTIONS BY CLIENTS AND SERVICES FROM AGENCIES ENCOMPASSING EDUCATION, EMPLOYMENT AND STRENGTHENED FAMILY LIFE. WORK OR EDUCATION TOWARD EMPLOYMENT IS REQUIRED OF PARENTS OF CHILDREN OVER AGE 3; WORK-RELATED OR OTHER PART-TIME OUT-OF-HOME ACTIVITY IS REQUIRED OF OTHER PARENTS.

- A COMPREHENSIVE WELFARE-TO-JOBS PROGRAM IN EACH STATE TO PROVIDE THE SERVICES NECESSARY FOR FAMILIES TO MOVE FROM WELFARE TO SELF-SUFFICIENCY. A STRONG CONNECTION BETWEEN ECONOMIC DEVELOPMENT AND HUMAN DEVELOPMENT SO THAT JOBS ARE AVAILABLE FOR THOSE NOW DEPENDENT ON WELFARE.

- INCREASED AVAILABILITY OF AFFORDABLE, QUALITY CHILD CARE TO MEET CHILDREN'S DEVELOPMENTAL NEEDS AND SUPPORT FAMILIES WORKING TOWARD SELF-SUFFICIENCY.

- A NEW NATIONALLY-MANDATED, STATE-SPECIFIC "FAMILY LIVING STANDARD" USING ACTUAL LIVING COSTS AS THE BASIS FOR CASH ASSISTANCE TO ELIGIBLE FAMILIES. THE "FLS" WOULD PROVIDE A STABLE ECONOMIC BASE TO FAMILIES AS THEY MOVE TOWARD SELF-SUFFICIENCY AND WOULD REPLACE BENEFITS TO FAMILIES WITH CHILDREN UNDER THE AID TO FAMILIES WITH DEPENDENT CHILDREN, FOOD STAMP, AND LOW-INCOME HOME ENERGY ASSISTANCE PROGRAMS.

- AGGRESSIVE ENFORCEMENT OF CHILD SUPPORT LAWS INCLUDING PATERNITY DETERMINATION, VIEWED BY COMMISSIONERS AS A RESPONSIBILITY OF BOTH INDIVIDUALS AND HUMAN SERVICE AGENCIES.

- STRONGER PUBLIC SCHOOLS FOR LOW-INCOME CHILDREN INCLUDING BETTER PREPARATION AND STANDARDS TO ASSURE ACADEMIC PROGRESS AND GRADUATION FROM HIGH SCHOOL.

- CASE MANAGEMENT IN OUR SERVICE AGENCIES TO HELP FAMILIES ASSESS THEIR TOTAL NEEDS AND RESOURCES, TO IMPLEMENT AND MONITOR THE CONTRACT, AND COORDINATE ACCESS TO NEEDED SERVICES FROM MULTIPLE AGENCIES.

MR. CHAIRMAN, THE PROPOSALS I HAVE JUST SUMMARIZED REPRESENT AN INVESTMENT STRATEGY--AN INVESTMENT IN OUR CHILDREN, AND IN THE STRENGTH AND SELF-SUFFICIENCY OF THEIR FAMILIES. BUT IT CAN BE SUMMARIZED ANOTHER WAY. IT IS, IN FACT, A COMPREHENSIVE SYSTEM OF CHILD SUPPORT, BROADLY DEFINED, WITH ALL THAT THAT ENTAILS. OUR STARTING POINT IN MAKING THESE RECOMMENDATIONS WAS VIRTUALLY IDENTICAL WITH YOURS, MR. CHAIRMAN: TOO MANY CHILDREN TODAY LIVE IN POVERTY. TOO MANY CHILDREN HAVE INADEQUATE SUPPORT--INADEQUATE MONETARY SUPPORT AS WELL AS THE OTHER KINDS OF SUPPORT CHILDREN NEED TO GROW UP HEALTHY PHYSICALLY, EMOTIONALLY, INTELLECTUALLY.

"PARENTAL SUPPORT OF CHILDREN IS THE FIRST LINE OF DEFENSE AGAINST PUBLIC DEPENDENCY" WE STATE IN OUR REPORT. "ALL CHILDREN

HAVE THE RIGHT TO EXPECT FINANCIAL SUPPORT FROM THEIR LEGAL PARENTS, AND EVERY PARENT HAS THE RIGHT AND RESPONSIBILITY TO PROVIDE SUCH SUPPORT. THEREFORE, DETERMINING PATERNITY AND ENFORCING CHILD SUPPORT ARE MUTUAL RESPONSIBILITIES OF CLIENTS AND AGENCIES. THESE CHILD SUPPORT RESPONSIBILITIES MUST BE ACCEPTED AND THEIR ENFORCEMENT AGGRESSIVELY PURSUED."

BOB WILL PROVIDE A FULLER DESCRIPTION OF SOME OF THE CURRENT BARRIERS TO EFFECTIVE CHILD SUPPORT ENFORCEMENT. BUT I WOULD LIKE TO STRESS WHERE OUR PROPOSALS AND YOURS, MR. CHAIRMAN, CONVERGE. IN OUR FAMILY INVESTMENT PROGRAM PROPOSAL, THE PRIMACY OF PARENTAL RESPONSIBILITY IS SUPPORTED BY THE "CONTRACT" BETWEEN AGENCY AND CLIENT. IT IS ALSO REFLECTED IN OUR BELIEF THAT WHILE ESTABLISHING WORK PATTERNS IN A HOUSEHOLD MAY NOT AUTOMATICALLY REDUCE PUBLIC ASSISTANCE CASELOADS, IT WILL IMMEDIATELY HELP PARENTS AND CHILDREN UNDERSTAND THE IMPORTANCE OF WORK IN ACHIEVING INDEPENDENCE FROM WELFARE.

UNDER OUR FAMILY INVESTMENT PROGRAM, ASSESSING A FAMILY'S NEEDS AND RESOURCES IS THE FIRST STEP TAKEN WHEN A FAMILY ENTERS THE PUBLIC WELFARE SYSTEM. THAT ASSESSMENT ENCOMPASSES THE NEED FOR INCOME SUPPORT BUT TAKES IN THE MANY OTHER NEEDS AND RESOURCES AS WELL, INCLUDING THE PARENTS' EDUCATIONAL ATTAINMENT, WORK EXPERIENCE, AND THE FAMILY'S DEVELOPMENTAL NEEDS. COULD ONE OR BOTH PARENTS BENEFIT FROM PARENT EDUCATION COURSES? IS THERE A SERIOUS PROBLEM INVOLVING DRUGS OR ALCOHOL OR SOME OTHER PROBLEM CALLING FOR SPECIFIC TREATMENT? IS THE FAMILY'S HEALTH CARE

ADEQUATE? ARE HOUSING NEEDS MET? ALL OF THE "NEEDS" THAT RELATE TO BOTH SELF-SUFFICIENCY AND THE STRENGTH AND STABILITY OF THE FAMILY UNIT ARE TAKEN INTO ACCOUNT.

OBVIOUSLY, THE DETERMINATION OF NEED FOR CASH ASSISTANCE IS CENTRAL. WHILE WE AND OTHERS STRONGLY BELIEVE THAT PUBLIC POLICIES SHOULD MOVE WELFARE RECIPIENTS TOWARD SELF-SUFFICIENCY AND INDEPENDENCE FROM THE WELFARE SYSTEM, WE ALSO BELIEVE THERE HAS TO BE A STABLE ECONOMIC BASE FROM WHICH A FAMILY CAN MAKE THAT EFFORT. AGAIN, QUOTING OUR REPORT, "IT IS NOT USEFUL TO PRETEND THAT FAMILIES CAN STRIVE FOR SELF-SUFFICIENCY, NURTURE AND SUPPORT THEIR CHILDREN'S DEVELOPMENT, AND BE ACTIVE MEMBERS OF THEIR COMMUNITIES IF THEIR ECONOMIC SURVIVAL IS ALWAYS IN DOUBT."

THAT IS WHY WE HAVE PROPOSED A NATIONALLY-MANDATED, STATE SPECIFIC "FAMILY LIVING STANDARD." AGAIN I BELIEVE WE ARE IN CONCERT WITH THE VIEWS YOU HAVE EXPRESSED, MR. CHAIRMAN. OURS IS AN APPROACH BASED ON NEEDS AND RESOURCES--NEEDS THAT REMAIN ONCE AN INDIVIDUAL FAMILY'S OWN RESOURCES--PART-TIME WAGES, CHILD SUPPORT, TRAINING STIPENDS OR SOME OTHER INCOME--HAVE BEEN UTILIZED. LIKE YOUR PROPOSALS THUS FAR, MR. CHAIRMAN, THE FAMILY LIVING STANDARD WILL TAKE INTO ACCOUNT THE FACT THAT MANY POOR FAMILIES ALREADY WORK FULL-TIME BUT CANNOT MEET THEIR FAMILY'S NEEDS ON A SINGLE MINIMUM WAGE JOB. IN THAT SENSE THE FAMILY LIVING STANDARD COULD BECOME A WAGE SUPPLEMENT WHEN A FULL-TIME LOW-WAGE JOB DOES NOT MEET THE FAMILY'S NEEDS. WE KNOW, AS YOU

DO, THAT A FAMILY WITH ONE WAGE-EARNER WORKING AT MINIMUM WAGE IS ALMOST CERTAIN TO BE POOR. A 4-PERSON FAMILY WITH ONE MINIMUM WAGE INCOME SUBSISTS AT $4,000 A YEAR LESS THAT THE CURRENT GOVERNMENT POVERTY LINE.

WHEN WE TALK ABOUT MOVEMENT TOWARD SELF-SUFFICIENCY WE DO MEAN MORE THAN JUST CASH ASSISTANCE--THE PROGRAM WE ENVISION INCLUDES ASSISTING A FAMILY WITH BUDGETING--WITH ALL OF THE SELF-HELP EFFORTS NECESSARY FOR REAL SELF-SUFFICIENCY DOWN THE ROAD.

A KEY COMPONENT OF OUR PROPOSAL IS THE REQUIREMENT THAT HUMAN SERVICES AGENCIES ESTABLISH A CASE MANAGEMENT COMPONENT TO HELP FAMILIES ASSESS THEIR NEEDS AND RESOURCES AND TO IMPLEMENT AND MONITOR THE AGENCY-CLIENT CONTRACT. CASE MANAGERS WILL COORDINATE WHAT IS NOW A FRAGMENTED AND OFTEN CONFUSING SERVICE DELIVERY SYSTEM.

MR. CHAIRMAN, CASE MANAGEMENT IS AN IMPORTANT VEHICLE TO HELP OVERCOME DEPENDENY. STAFF PERFORMING THIS FUNCTION ARE THE PUBLIC WELFARE AGENCY'S "FRONT LINE" IN WORKING WITH CLIENTS TO DEVELOP THE MOTIVATION, CAPACITY, AND OPPORTUNITY NECESSARY TO ATTAIN SELF-SUFFICIENCY. WHILE THE CASE MANAGER'S PRIMARY FUNCTION RELATES TO SELF-SUPPORT, THE CASE MANAGER ALSO IS EXPECTED TO RESPOND TO OTHER NEEDS WHICH THE CLIENT OR THE FAMILY MAY HAVE, PARTICULARLY AS THESE AFFECT SELF-SUPPORT. FOR EXAMPLE, IF IT APPEARS THAT COUNSELING SERVICES MAY STRENGTHEN A CLIENT'S FAMILY RELATIONSHIPS, THE CASE MANAGER IS EXPECTED TO

ASSIST THE FAMILY IN GAINING ACCESS TO THOSE SERVICES. WE ENVISION THE CASE MANAGEMENT PROCESS PLAYING A SIGNIFICANT ROLE RELATED TO OVERALL FAMILY DEVELOPMENT.

SPECIFICALLY, THE CASE MANAGEMENT INCLUDES FOUR MAJOR FUNCTIONS:

1. TO ASSESS WITH THE CLIENT THOSE FACTORS WHICH WILL INFLUENCE THE CLIENT'S EMPLOYABILITY. THESE INCLUDE EDUCATIONAL ATTAINMENT/LITERACY; WORK EXPERIENCE; FAMILY DEVELOPMENT AND CIRCUMSTANCE; NEED FOR SUPPORT SERVICES THAT WOULD ENABLE THE INDIVIDUAL TO WORK (CHILD CARE, TRANSPORATION, ETC.); THE STRENGTH OF THE FAMILY'S "INFORMAL" SUPPORT SYSTEMS WHICH CAN PROMOTE EMPLOYMENT; AND NEED FOR INCOME ASSISTANCE. THE OUTCOME OF THIS ASSESSMENT SHOULD BE IDENTIFICATION OF A CLIENT'S POTENTIAL FOR EMPLOYMENT, AND AGREEMENT BETWEEN THE AGENCY AND THE CLIENT ON REALISTIC GOALS.

2. BASED ON THE ASSESSMENT, TO DEVELOP AN ACTION PLAN OF SPECIFIC, CONCRETE ACTIVITIES FOR THE AGENCY AND THE CLIENT TO LEAD TOWARD CLIENT SELF-SUFFICIENCY. THIS PLAN IS DEVELOPED JOINTLY BY THE AGENCY AND THE CLIENT. IN FACT, TO THE EXTENT POSSIBLE, IT IS THE CLIENT WHO WILL TAKE THE LEAD IN DEVELOPING SUCH A PLAN WITH THE AGENCY PLAYING A SUPPORTIVE ROLE. THE PLAN IS EXPRESSED IN THE FORM OF A CONTRACT (OR CLIENT AGREEMENT, AS SOME AGENCIES MAY CALL IT) THAT SPECIFIES THE ACTIONS TO BE TAKEN TO

IMPLEMENT THE PLAN; THE RESOURCES TO BE MADE AVAILABLE TO THE CLIENT; AND THE OBLIGATIONS THE CLIENT AND AGENCY ACCEPT AS PART OF THIS PLAN. THE GOAL OF THE PLAN IS TO HAVE WELL-DEFINED TIME-LINES AND BENCHMARKS OF SUCCESS (FOR EXAMPLE, COMPLETION OF A GED PROGRAM IN SIX MONTHS). IT SHOULD ALSO INDICATE ANY SANCTIONS THAT WILL BE IMPOSED IF THE CONTRACT TERMS ARE NOT MET AND WILL NOTE THAT THE CLIENT WILL NOT BE HELD ACCOUNTABLE IF THE AGENCY FAILS TO PROVIDE THE SERVICES IT HAS AGREED TO MAKE AVAILABLE.

3. TO ARRANGE (THROUGH DIRECT SERVICE DELIVERY, PURCHASE OF THE NECESSARY RESOURCES, OR REFERRAL WITHIN OR OUTSIDE OF THE PUBLIC WELFARE AGENCY) THE PROGRAM/SERVICES/RESOURCES NECESSARY TO CARRY OUT THE PLAN. WHILE THE CASE MANAGER MAY DIRECTLY "BROKER" THESE SERVICES, PREFERENCE IS GIVEN TO ASSISTING THE CLIENT OBTAIN FOR HIM/HERSELF THE APPROPRIATE EDUCATION, JOB TRAINING, TRANSPORTATION, CHILD CARE, AND OTHER FAMILY SUPPORT SERVICES. THE GOAL IS TO HELP THE CLIENT TO TAKE CONTROL OF HIS/HER OWN LIFE IN OVERCOMING DEPENDENCE, RATHER THAN TO "DO FOR" THE CLIENT.

4. TO MONITOR IMPLEMENTATION OF THE CONTRACT AND THE CLIENT'S PROGRESS IN MOVING TOWARD SELF SUPPORT. FOR THE AGENCY THIS WILL INVOLVE PROVIDING SUPPORT AND ENCOURAGING THE CLIENT TO SOLVE PROBLEMS WHEN BARRIERS TO SELF-SUPPORT ARE ENCOUNTERED. THROUGH REGULAR AGENCY-CLIENT CONTACT, PRO-

GRESS IN ACHIEVING THE GOALS OF THE CONTRACT/AGREEMENT IS MONITORED, AND THEN ADJUSTMENTS TO THE TERMS OF THE CLIENT CONTRACT ARE NEGOTIATED AS NECESSARY.

THE SCOPE OF SERVICES WHICH MUST BE ARRANGED AS PART OF THIS PLANNING PROCESS CAN INCLUDE:

- REGULAR AND REMEDIAL EDUCATIONAL PROGRAMS, INCLUDING ESL, BASIC LITERACY, VOCATIONAL EDUCATION, GED, SPECIAL TUTORING;
- JOBS ORIENTATION PROGRAMS;
- SKILL TRAINING PROGRAMS;
- SUPPORT SERVICES, INCLUDING CHILD CARE AND TRANSPORTATION;
- FAMILY ASSISTANCE AND SUPPORT SERVICES, INCLUDING COUNSELING, BUDGET MANAGEMENT, SUBSTANCE ABUSE SERVICES, REMEDIAL SERVICES FOR CHILDREN, ETC.
- FINANCIAL SUPPORT SERVICES, INCLUDING IDENTIFICATION AND ENFORCEMENT OF CHILD SUPPORT RESOURCES, OTHER INCOME SOURCES.

TURNING BACK TO THE MOVEMENT TOWARD CONSENSUS ON THESE ISSUES, AN IMPORTANT PART OF THAT CONSENSUS RELATES TO THE STATEMENTS MADE OVER THE LAST YEAR OR SO BY THE PRESIDENT, STARTING WITH HIS FEBRUARY 4, 1986, STATE OF THE UNION MESSAGE. HE HAS SPOKEN ELO-

QUENTLY--AND CORRECTLY--TO THE POINT THAT TRUE WELFARE REFORM MEANS AN END TO WELFARE DEPENDENCY FOR POOR FAMILIES. WHILE WE HAVE BEEN VERY ENCOURAGED BY THE PRESIDENT'S CALL FOR WELFARE REFORM THE ADMINISTRATION'S LATEST PROPOSALS ARE A FAR CRY FROM COMPREHENSIVE IMPROVEMENTS IN OUR SOCIAL WELFARE SYSTEM.

ONE MAJOR AREA THE WHITE HOUSE APPROACH FAILS TO ADDRESS IS ANOTHER AREA OF CONCERN YOU HAVE RAISED, MR. CHAIRMAN--THE NEED FOR REAL JOBS AT THE END OF THE EDUCATION AND JOB TRAINING PROCESS. WE MUST, AS A NATION, BEGIN TO MAKE THE CONNECTIONS BETWEEN ECONOMIC DEVELOPMENT AND OUR HUMAN RESOURCES. FOR FAR TOO LONG THESE PRACTITIONERS AT THE LOCAL, STATE AND FEDERAL LEVEL, HAVE AVOIDED WORKING WITH EACH OTHER. WE HAVE TO RECOGNIZE THE COMPREHENSIVENESS OF THIS PROBLEM: FOR POOR FAMILIES TO BE SELF-SUFFICIENT REQUIRES ACTIONS NOT ONLY IN THE WELFARE ARENA BUT IN EDUCATION, TO ASSURE PREPARATION FOR THE WORLD OF WORK, AND IN ECONOMIC DEVELOPMENT, TO LINK OUR PEOPLE, OUR GREATEST RESOURCE, WITH THE ECONOMIC ENGINES THAT ULTIMATELY PRODUCE THE JOBS THE PEOPLE NEED.

RIGHT AT THIS MOMENT WE, AS HUMAN SERVICE COMMISSIONERS, ARE ACUTELY AWARE OF A DEADLINE HAVING TO DO WITH JOB TRAINING FOR THE POOR: THE END OF FUNDING AND AUTHORIZATION FOR THE KIND OF WORK INCENTIVE (WIN) PROGRAMS THAT HAVE SHOWN SUCH PROMISE IN THE LAST FIVE TO 10 YEARS. I KNOW YOU HAVE BEEN A LEADER IN SUPPORT FOR THE WIN AND WIN-DEMONSTRATION PROGRAMS IN THE PAST, AND I CAN ONLY URGE YOU TO CONTINUE THAT LEADERSHIP, MR. CHAIRMAN.

Having said that, however, I do want to stress that neither welfare-to-jobs programs like WIN, nor a reallocation of the state and federal responsibilities under the heading of "federalism" can, in and of themselves, constitute the kind of comprehensive welfare reform we cannot--and must not--delay. I go back to your original starting point, Mr. Chairman, and ours: the needs of American children in 1987. Far too many live in poverty. Far too many are forced to live stunted lives. Those in Congress, in the press, in the Administration, who argue that this is not the appropriate time for a comprehensive overhaul of our social welfare system, I would simply pose this question: what is the alternative? To fail to act is to be irresponsible, and to condemn more of America's children to diminished health, diminished options, diminished lives. Lives that are, as Thomas Hobbes put it, "nasty, brutish and short."

STATEMENT OF ROBERT FULTON, COMMISSIONER, DEPARTMENT OF HUMAN SERVICES, OKLAHOMA CITY, OK

Mr. FULTON. Thank you, Mr. Chairman. I appreciate the opportunity to be here. Nine years ago next month, I was in this room with Senators Baker and Bellmon testifying before you on an alternative to the Carter better jobs program.

Senator MOYNIHAN. That is right.

Mr. FULTON. I remember well your statement. I think it was made maybe that day or maybe later that if the window of opportunity for welfare reform were closed in 1978, it would probably remain closed for 10 years. Those of us on the Hill staff who were working on this subject thought you were being unduly pessimistic. I think we will be very fortunate if we get the ingredients together by next year. So, you were perhaps an optimist. I hope not.

I think the window for getting something done is opening, if it isn't already opened, as you have said and as my colleague, Steve Heintz, has commented.

I am going to reverse my testimony a little bit here to make sure I get the last point in my statement in. First, let me say that Steve didn't admit it, but I will acknowledge it; the "One Child in Four" report, while it makes a commitment to child support enforcement as a key part of the strategy, it is not fleshed out in terms of specifics on what we as administrators of human services agencies will specifically support and try to do. Many of us have a variety of ideas on that. We want to work with the Child Support Enforcement Directors Association and with some of our own committee structure to get the States working in conjunction with efforts here to further refine policy and legislation for that program.

We are here today sort of at the early stages of our own development of what next in this regard. But I want to drop one idea before you that is in the Governor's statement, the Governors' Policy Statement, that is being considered this weekend. It is not there in detail, but it is an idea that has been alluded to a couple of times here today; but I don't think anyone has presented a specific plan.

And that is the question of whether we could and should extend to the absent parents of our AFDC children a work requirement that would begin to equalize somewhat the burdens and responsibilities of the absent parent with the custodial parent.

Senator MOYNIHAN. Oh, that is a good idea.

Mr. FULTON. As you know, one of the problems now is that, if there is no income to the absent parent, which is the case in too many instances—at least no official income—then generally we don't put the entry of an order—a child support order—very high on the priority list. We probably don't put the establishment of paternity too high on the list. And essentially, we don't use the child support enforcement system very effectively relative to that parent.

Likewise, when we insist on somebody working out of the household, in relation to the family, it is the mother generally who is in the household. In my State, we don't even cover the two-parent household; so it is almost always the mother. We have a few single parent households headed by fathers. What we have developed and are getting introduced in the Oklahoma legislature—probably Monday—is a bill which would authorize the Department of Human Services—my department—to issue employment orders, orders to absent parents, to report to the welfare office for job development, job analysis, job readiness analysis.

It would allow us to assign those absent parents to a training assignment or to a community work experience assignment, just as we now do with the in-home parent; would put behind the orders a civil contempt penalty for failure to cooperate and failure to report and failure to accept a job, if one is available; would essentially give us a handle, because you can't penalize those people—generally men—by knocking the benefit out of the grant like we do for the mother if she doesn't cooperate. It would give us a way of getting what I think would be more equity and fairness into the picture, and probably actually have a pro-family influence on some of these dynamics.

Some of these gentlemen might decide to join the family, as opposed to being removed from it, if they had to report to a community work experience assignment for example, or take some other job if one were available.

We have a supportive attitude in the Oklahoma legislature thus far. We have communicated with Mr. Stanton about this, in terms of what it would imply with regard to Federal policies and participation of the Federal Government in the cost of running this program. We seem to have receptivity on his part; he has written a very favorable reaction.

Senator MOYNIHAN. Yes.

Mr. FULTON. And, Senator, this is an Oklahoma idea that I am still trying to sell to the rest of my colleagues in the world of human services administration as a part of our initiatives in the area of child support enforcement.

There are many other things that I would ask you or your staff to consider in my prepared statement. I am concerned about the interstate cooperation aspect of Federal policy. We have a great deal of difficulty with some of our neighboring States about the reciprocity relationships in this area. I am very concerned that the Department of Health and Human Services seems intent on dismantling or ending some of the pilot programs of interstate linkages that have been in place, and I think we need to have more of those, rather than fewer. We have to have Federal leadership on that question.

Senator MOYNIHAN. Yes.

Mr. FULTON. Because you can't get it all done just by States being nice to each other. Susan Paikin made a comment about how long the laws or agreement have been on the books and how poorly they have functioned since 1950. We are not going to overcome the fact that everybody is busy at home and you don't have a very high priority in somebody else's interstate case if you are overworked yourself.

So, I think that is extremely important.

Senator MOYNIHAN. Oh, I see the problem. Here you are in Oklahoma, and somebody in New York says could you locate that fellow out there in the oil fields because he owes support to children in our area. And you say, well, that will have to come after I look at some here in Oklahoma City.

Mr. **Fulton**. That is about the way it works.

[The prepared statement of Mr. Fulton follows:]

STATEMENT BY ROBERT FULTON, DIRECTOR
OKLAHOMA DEPARTMENT OF HUMAN SERVICES
AT WELFARE REFORM HEARING HELD BY
SUBCOMMITTEE ON PUBLIC ASSISTANCE
COMMITTEE ON FINANCE, U.S. SENATE

February 20, 1987

I am very pleased to have the opportunity to appear here today on the vital subject of welfare reform. I was a Senate staff member when the last great flurry of activity on welfare reform occurred in 1978. I did much of the staff work on the Baker-Bellmon proposal co-sponsored by seven Senators that year. Mr. Chairman, I remember well your statement at that time that, if the window during which reform was possible were allowed to close, it would be ten years before the country would return to the subject. Some of us thought you were being too pessimistic. Now we are wondering whether the necessary ingredients for welfare reform can be assembled by 1988. You may have been too optimistic, Mr. Chairman!

Fortunately, however, the subjects of poverty and dependency are moving once again toward the "front burner" of national concerns. The window of possibility for reform is again opening -- at least there's a small crack.

There are several reasons why I believe the prospects for getting constructive change are better now than they have been since the early 1970s:

- First, it seems to me there has been a substantial shift toward "the center" on the whole subject of work and welfare. Many of those who consider themselves conservative politically have become less enamored with workfare as a simple solution to the employment question.

  Community work experience -- workfare if you prefer -- can be an important part of a combined assistance and employment program, but it will always be just that -- a relatively small part of a much broader effort to help people survive and to become self-supportive.

  Similarly, I think those of more "liberal persuasion", have now generally accepted the philosophy that government should require substantial "self help" efforts by those who receive public assistance.

  In our State of Oklahoma we have operated now for five years a WIN Demonstration Program under which there is no age of child limitation insofar as the work requirement is concerned. In other words, as soon as the child of a head of a household receiving AFDC is old enough to be placed in child care, the head of the household is subject to mandatory participation in job search and job acceptance when one is available, unless enrolled in an approved education or training program.

This has been a highly successful program. From an average caseload of about 30,000, approximately seven thousand AFDC recipients are placed in jobs each year. Significantly, nearly 40 percent of our placements have been mothers with children age three or younger and about 65 percent have been mothers with children under six.

More and more states are developing in their welfare-work program an emphasis on families with young children. This emphasis recognizes that, if the initial period of dependency can be kept short, long term dependency is likely to be avoided entirely. Also, the emphasis on employment of mothers with young children recognizes that about half of the women with children under three in the nation as a whole are in the labor market today.

Another reason I believe there is less difficulty with the work issue today is that there is a growing recognition that the nation's economy needs the contributions of those on public assistance now and of those who are in danger of being on public assistance in the future.

Demography will help us reduce dependency. Many experts now believe the nation is heading for a serious labor shortage. All Americans have a real self-interest in making all parts of our population as productive as possible.

If we don't utilize our home-grown human resources more fully, we will undoubtedly import huge numbers of people to provide the labor our economy will require in the years to come. It would be a tragedy if we substituted imported labor for the development of our own human resources.

o Another factor I believe makes it more likely that we can accomplish welfare reform within the next few years is that we can now focus our energies and public attention on the group of low income Americans whose needs were left largely unattended by the legislation enacted in 1972.

Although we have not eliminated poverty among the elderly and disabled society since 1972, we have placed a solid base under their incomes.

In my own State of Oklahoma, for example, the Federal and State Governments provide, through the SSI Program, benefits for elderly couples that bring their cash income above the federal poverty line. Our benefits for single elderly and disabled persons are only slightly below the poverty line. By contrast, the combination of cash benefits and food stamps for families with dependent children totals about 65 percent of the federal poverty line.

While we can take great pride as a nation in having made such momentous strides in dealing with poverty among the elderly and disabled, we must now turn national attention to the group that will have the greatest impact on our future -- the approximately 12 million American children living in families receiving AFDC or receiving food stamps and just above the present cut off points for AFDC.

- We have learned a lot during the past 25 years about the challenges of reducing poverty and dependency. Many of the concepts that have been tried have been set aside as not productive. But some things have worked. It is time now to draw these lessons from the past together in a systematic, carefully-developed package of policies and programs that can be explained to and sold to the American people.

Your hearings and your follow-on work in the subcommittee and full committee can launch this effort. There is no domestic issue that is more in need of attention and action.

As the new Chairman of the National Council of State Human Services Administrators, I am extremely pleased to urge your careful consideration of the reform proposals contained in our "One Child in Four" report issued last November. This report has been discussed with you today by Stephen Heintz, my colleague from Connecticut and at one of your earlier hearings by Sidney Johnson, Executive Director of the American Public Welfare Association.

Your staff has asked that witnesses at today's hearing focus especially on the subject of child support enforcement and its relationship to the broader welfare reform issues. As Commissioner Heintz has indicated, the National Council of State Human Services Administrators sees important fundamental relationships between the challenge of helping families collect reasonable child support and the broader subject of welfare reform.

Clearly, government should not do for families what they are able to do for themselves. In many cases, the need for governmental help would be postponed, eliminated, or at least reduced, if children were provided appropriate support -- support that is within the ability of a parent to pay. At the present time, many child support orders entered by courts throughout the land are atrociously inconsistent. Many of them do not provide for appropriate contributions from responsible parents. Some of them, conversely, create serious hardships for second families by extracting too much money from the non-custodial spouse.

Our system then compounds the deficiencies in the court orders by collecting so poorly what is ordered to be paid. In far too many cases, there is no payment at all even though there is a clear court order. Even when payment does occur, it is too often delayed and paid in such a way that the family cannot really count on it as part of its on-going support.

Our "One Child in Four" report calls for families to do all they reasonably can to support themselves. Preparations for work, job search, and actual employment are key parts of these self-help obligations. Paying reasonable child support is another vital part of such obligations.

Helping enforce child support obligations is a key responsibility of State and Federal Governments. We must help make sure parents carry out their responsibility in this area.

Mr. Chairman, appended to my testimony are several pages of detailed discussion of the Oklahoma Child Support Enforcement Program, and especially the progress we have made over the last four years. I can tell you that, beyond the data presented in that statement, we are continuing to make progress in the current fiscal year. It is now clear that our collections will have more than tripled between state fiscal year 1982 and fiscal year 1987.

While we in Oklahoma are pleased that we have gotten out of the "dead last" position in statistical comparisons of states in the child support enforcement arena, we are not ready to rest on our laurels. We are continuing to work with our Legislature to strengthen the legal foundation for our program. We are working with the State Bar Association on the development of child support standards. We are aggressively pioneering a new computerized management system that we believe will become a model other states will want to emulate. We have converted the Child Support Study Commission, required by the 1984 Federal amendments, into a continuing Advisory Committee to the Department of Human Services. The Committee members are an aggressive group of private citizens, including consumers, judges and other citizens working with us in examining issues and crafting legal, policy and procedural proposals.

There are some matters discussed in the attached analysis to which I would like to call your particular attention:

- First, we are very concerned about the constant pressure from the Federal level to modify state legislation. We are back to our Legislature this year for the fourth straight year requesting major changes in law. While we have had a very good response in the past three years, from our legislators, some of those who have carried the action for us in the past are getting weary of having to face their colleagues with constant calls for change. It is very important that Congress and HHS stabilize, in the very near future, the Federal rules and the expectations placed on the states.

o We are also concerned about the Federal Government's posture in regard to promoting interstate cooperation, including data exchange and reciprocity in the handling of enforcement orders.

Without the Federal Government's leadership in this area, we are concerned that the difficulties we have had with some of our neighboring states will not be relieved. I urge the Committee to help step up pressure on the Department of Health and Human Services to exercise leadership on interstate cooperation, including continued funding of existing pilot projects which cut across state lines.

o I would also call your attention, Mr. Chairman, to the discussion in our detailed analysis of inconsistencies in Federal audit criteria and the basic cost effectiveness measurements that the Department of Health and Human Services applies. When we are audited by the Office of Inspector General, we are subjected to a very laborious analysis of fine points of Federal rules. Implementation of many of those requirements is not cost effective. On the other hand, the program managers within the Federal system insist on cost effectiveness as the key measure. We urge you to help get these two arms of the Federal bureaucracy to develop a consistent set of review criteria.

Mr. Chairman, as the final portion of my testimony, I would like to turn to one aspect of the child support challenge that I think offers great potential for improving fairness and equity in our administration of public assistance, in increasing the amount of support actually received by children, and in lessening the incentives for family dissolution. I am very enthusiastic about a proposal that we have under active development in Oklahoma having to do with absent parents who are identified, whose whereabouts are know, but who are unemployed and thus have no income that can be reached by child support orders.

One of the problems in the design of present public assistance programs is that most of the pressure to enter employment and become self-supporting is placed on the parent who is in the home. The only time we put demands on the absent parent is when that person is working and has an income which can be reached through child support enforcement.

There are in every community absent parents, some of them open and notorious in their self-identification, who choose to "get by" without working. These individuals are in many cases the parents of children receiving public assistance. They are subject to child support orders, and in many cases are under such orders, but they simply have no official income. They choose not to work. In most cases, that is the end of the matter: there is no identifiable income and therefore no child support collections.

In Oklahoma, we have been discussing with our legislators the possibility of changing this. We have developed a draft state law which would authorize the Department of Human Services to issue job search and/or community work experience orders to an absent parent. These orders would direct parents not living with their families and not employed to report to a state office for employment evaluation and then to participate in appropriate activities designed to help them prepare for work or to go directly into a job.

We have proposed to the Legislature that civil contempt powers be placed behind the work participation orders issued to such persons. Any individual who failed to respond to such an order could be hauled into court and subjected to a fine or even imprisonment.

When we get this proposal adopted as part of state legislation, we will then seek appropriate federal waivers and demonstration authorizations to conduct a major experiment in this area.

I believe very strongly that the initiation of this plan can help provide better equity between the absent parent and the custodial parent in the obligations placed on them by the public assistance and child support enforcement systems.

Governor Bellmon has proposed that Oklahoma initiate AFDC benefits for intact, two-parent families in which both parents are able bodied. We will, if the proposal receives support from the Oklahoma Legislature, incorporate a very stiff work requirement into the program. We will also seek Federal waivers to help over-come some of the deficiencies in the standard design of the AFDC-Employed Parent option.

By extending work requirements to absent parents, by strengthening child support enforcement and by initiating AFDC benefits for two-parent families, Oklahoma will be building very strong pro-family features into our AFDC program. We think this is an important objective, for both Oklahoma and the Nation as a whole.

ANALYSIS OF OKLAHOMA'S PROGRESS IN CHILD SUPPORT ENFORCEMENT, 1982-86

February 20, 1987

I. Program Improvements

A. Collections/Expenditures - In Oklahoma child support enforcement services are provided by contract with District Attorneys in 19 districts and a private non-profit community action program in one district, and by DHS field offices in four areas. This mix of service delivery methods has presented challenges to maintain cost effectiveness and administrative control of the program. Through continued monitoring of these offices to require cost effectiveness and adherence to program requirements, Oklahoma has made significant improvements in its program over the last five state fiscal years (1982 through 1986). These improvements have been made without experiencing major increases in costs. Our figures are detailed in a table and two graphs which are attached. They can be summarized as follows:

1. Collections have increased from 5.6 million dollars to 14.5 million dollars. (In State FY 1987 we are running 30% ahead of FY 1986 collections through the first seven months.)

2. Our expenditures have increased from 5.9 to 7.5 million dollars which is less than a 2 million dollar increase, despite the fact that a raise was given to all state employees during this time period. Also, most of this increase is due to funds being expended for computer enhancement.

3. We have increased our collections per field worker from $40,000 per year to $100,000 per year.

4. We have decreased our staffing in our field offices (contract and non-contract combined) by 12%. We have decreased staff overall (state office and field offices combined) by 27%.

5. We have increased our AFDC recovery rate from 3.1% to 7.1%.

B. Legislation

1. In 1984 Oklahoma passed legislation in anticipation of the 1984 Federal Child Support Enforcement Amendments which provided for an expedited method for establishing child support obligations in cases being enforced by the Title IV-D agency. Oklahoma chose to amend existing law to provide for an administrative procedure, rather than a quasi-judicial process, to establish such orders.

2. In July 1985 Oklahoma passed legislation to enact all of the requirements of the Federal Child Support Enforcement Amendments of 1984. This included the requirement that all child support orders issued in the state have a provision requiring that support be collected by income withholding if the support is overdue, procedures to institute income withholding in cases where overdue support is owed, procedures for obtaining overdue support from state income tax refunds for both AFDC and non-AFDC clients, procedures for the imposition of liens against real and personal property for parents who owe overdue support, raising the statute of limitations for establishing paternity to the age of eighteen years, procedures for requiring the posting of bonds to guarantee the payment of support by individuals who have a history of non-payment of support and procedures for reporting overdue support amounts to credit reporting agencies.

3. In 1986 Oklahoma amended its statues to comply with final federal regulations issued pursuant to the Federal Child Support Enforcement Amendments of 1984. Oklahoma statutes had to be amended because the final regulations were issued after Oklahoma passed its 1985 legislation and the regulations contained additional requirements not contained in the proposed regulations issued pursuant to the 1984 amendments. With these amendments and promulgation of agency rules and regulations, Oklahoma complied fully with federal requirements.

4. In the 1987 legislative session a bill has been introduced to comply with Public Law 99-509 which requires that each state have laws to require that past due child support payments are judgments by operation of law from the date they become past due and to prohibit the retroactive modification of child support obligations by the courts so as to reduce or nullify the amount past due.

C. Improved Automated System - For the past few years Oklahoma has been in the process of improving our existing automated system under enhanced funding available for such efforts from the Department of Health and Human Service at a 90/10 funding rate. This will enable us to process our cases more efficiently, to obtain more accurate information and to monitor cases and meet federal reporting requirements.

As a part of this project, the Oklahoma Department of Human Services has developed and is in the process of improving and expanding computer to computer links with other state agencies to assist in the location of absent parents and in the collection of child support. These linkages are as follows:

1. The Oklahoma Employment Security Commission - This will give us immediate access to the most current employment

information available, so that we may locate individuals and initiate income withholding immediately in appropriate cases.

2. Department of Public Safety - This will enable us to access drivers license records and to obtain or verify social security numbers to assist in location efforts and in other areas where a social security number is essential.

3. Oklahoma Tax Commission - This will enable us to refer cases for offset of tax refunds to collect past due support in the most efficient manner possible.

4. Oklahoma Court Administrator's Office - This will enable us to search their files and to obtain information immediately from official court records in those counties where such information is automated.

5. Oklahoma Secretary of State - This will enable us to identify registered service agents for service of process, particularly to effectuate income withholding.

D. Interstate Enforcement - Through involvement in an interstate enforcement project with four states in another region, funded by a federal research and demonstration grant, Oklahoma has been improving our intrastate processing of cases through the above mentioned computer linkages and has extended use of those resources to the other states in the project. Enforcement of cases nationwide will benefit through transfer of the technology developed in this project. We are now taking a leadership role in expanding regional child support enforcement cooperation to involve additional states in the southwest and south central areas.

E. Child Support Advisory Committee - In 1985 the Governor of Oklahoma appointed a Child Support Commission to serve one year and to prepare a report to submit to the Governor by October 1, 1986 as required by the Child Support Enforcement Amendments of 1984. When that commission fulfilled its purpose with the presentation of this report to the Governor, the Oklahoma Commission for Human Services decided to continue the Child Support Commission's activities by appointing a child support advisory committee to continue the study of child support and related issues. This committee is still active and is presently studying the need for child support guidelines in Oklahoma.

II. Challenges/Problems - There are many areas where Oklahoma is experiencing problems and which provide increased challenges in the child support enforcement area. These include:

A. Child Support Guidelines - The 1984 Amendments required that each state have in effect by October 1, 1987 guidelines for the establishment of child support obligations. Although these guidelines are not mandatory for the judiciary to follow, they must be available for the judiciary to use. States may establish such guidelines by statute, court rule or through administrative procedure. Oklahoma is in the process of establishing such guidelines.

Oklahoma is currently experiencing resistance to this requirement. We have chosen to meet this requirement through adoption of such guidelines by the Supreme Court of Oklahoma; however, because of resistance from Oklahoma's supreme judicial body and other members of the judiciary, the requirement may have to be met legislatively or by administrative action.

Oklahoma and other states in this geographical region have historically had low child support awards. In addition, there is very little direction in Oklahoma statutes to guide judges in decisions concerning the amount of child support to award. The only requirement concerning preliminary support awards in the Oklahoma statutes is that "[t]he court shall make provision for guardianship, custody, support and education of the minor child ..." Because the statute vests the court with absolute judicial discretion in such matters, the federal requirement is meeting with considerable resistance. In addition, even after Oklahoma puts in place some criteria for child support awards, because of the low child support awards in older orders, Oklahoma's recoveries will continue for sometime to produce some artificially low returns.

B. Interstate Enforcement - Interstate enforcement continues to present a specialized set of problems in the child support enforcement area. The mobility of this nation's society dictates, however, that this set of problems must not be ignored. Increased federal emphasis and regulation of this area has improved interstate enforcement, but the problems inherent in dealing with numerous and diverse jurisdictions and inconsistent statutes, plus the problems imposed by distance, make this an area that requires continued federal involvement to insure consistency in policies for enforcement.

Oklahoma's involvement in an interstate grant project has demonstrated the possibilities for interstate cooperation to improve interstate case processing and enforcement. There appears to be a reluctance on the part of the federal government to continue to fund existing grant projects and to provide funding for more ambitious projects. Without such federal support, interstate enforcement will continue to suffer and there will continue to be inequities in services provided to individuals in other states.

C. Paternity Establishment - In Oklahoma in 1985 17% of all births were out of wedlock. This represents a 21% increase in births to unwed mothers over the last five years. Due to this rate of increase of births out of wedlock, paternity establishment is an area that requires increased emphasis.

Paternity establishment presents particular problems in the child support enforcement area. This is due in part to the fact that paternity establishment is an additional step which must be taken before establishment and enforcement of an order may be attempted. In addition, paternity establishment presents complex problems because of legal and statutory requirements. This is particularly true in Oklahoma. Until last year when Oklahoma amended its paternity statutes to provide for a civil paternity action, paternity actions could only be brought by the district attorney in a criminal proceeding. Due to this restriction, paternity establishment had been attempted in only a few cases.

Obstacles to paternity establishment still remain in Oklahoma. Even though Oklahoma now has a civil paternity statute, because of its history as a criminal proceeding, the putative father still has a right to a jury trial. In addition, Oklahoma has identified procedural problems in its new civil paternity statute which must be amended this legislative session to make it more feasible to pursue paternity actions. Also, because few paternity actions were brought in Oklahoma heretofore, they are still heavily contested by putative fathers, despite the use of sophisticated genetic tests to determine paternity. This increases the costs for establishing paternity and reduces the cost effectiveness in such cases.

D. Inconsistencies in Federal Audit Criteria - The audit criteria set forth in federal regulations appears to result in a regulatory "Catch-22" for the states.

Regulations (45 C.F.R. Section 305.20 1985) require that each state have "an effective child support enforcement program" and prescribe that this means the state will be audited on whether it followed federal procedures in 75% of all cases reviewed in the audit. This means that Oklahoma must have taken the appropriate enforcement action, such as income assignment, paternity establishment, medical support enforcement, tax refund offset, etc. in 75% of all cases reviewed. Federal regulations (45 C.F.R. Section 305.98 1985) further provide that the state's IV-D program will meet stringent cost effective standards for program operation.

The two requirements are inconsistent. Many of the services and procedures required by federal law are labor intensive or otherwise expensive to pursue and do not necessarily result in the collection of money. For instance, paternity establishment is an often expensive process which must be pursued without consideration of the potential for support collection. Likewise, the IV-D agency must provide medical support enforcement in the cases it enforces for support. While such enforcement may result in decreased Medicaid costs, the IV-D agency receives no collection from such efforts and receives no other financial incentive for providing such services.

We urge that this inconsistency be rectified. We do not argue with the necessity for providing such services. However, the IV-D program will continue to meet with overwhelming obstacles to cost effectiveness if no allowances are made for the fact that we must provide costly services which result in little or no collection for the IV-D program.

E. Continuing Federal Requirements - In the past three years the federal government has enacted new laws or issued new regulations which have required the states to introduce major legislation. In Oklahoma this is beginning to put a strain on the IV-D agency's good relations with state legislators. We are wearing out our welcome in our House and Senate. While the legislative changes have improved child support enforcement in our state, we feel that it is time for the federal government to give us a break. We suggest that the federal government impose a moratorium on federal requirements which would require legislative action in most states. If this is not possible, we suggest that the states be given more time to enact these federal requirements.

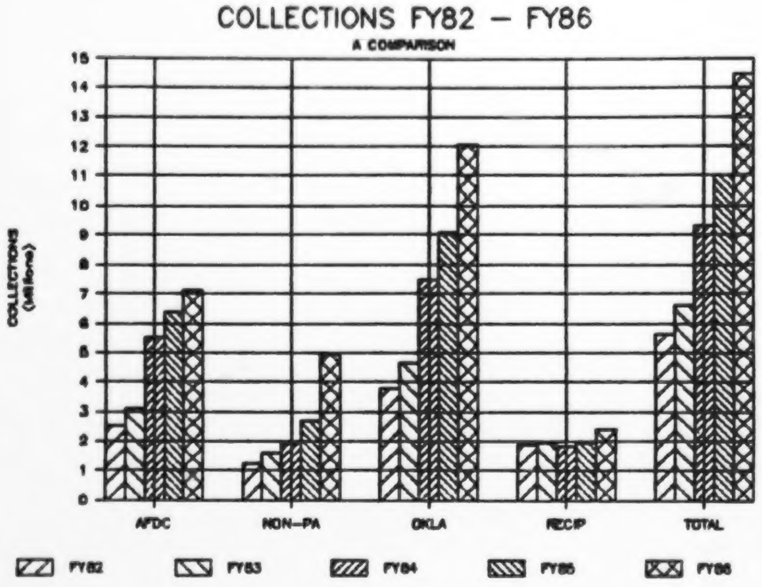
OKLAHOMA CHILD SUPPORT ENFORCEMENT

COLLECTIONS & EXPENDITURES FY82-FY86

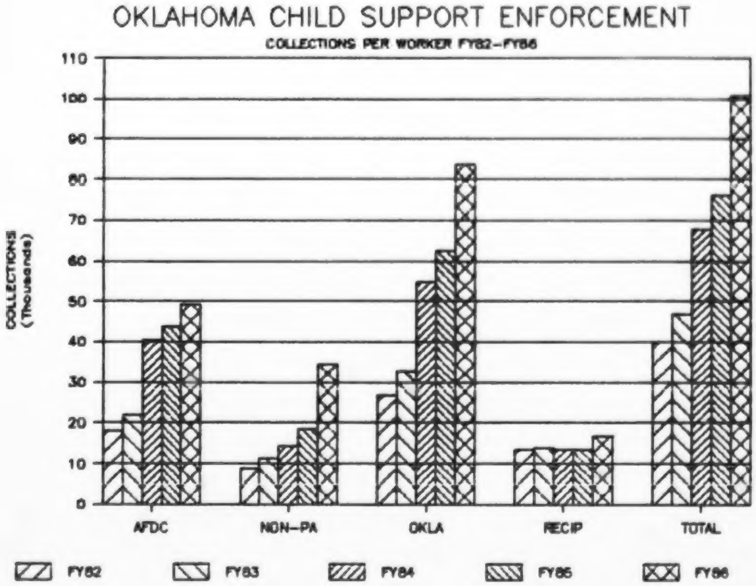
	FY82	FY83	FY84	FY85	FY86
COLLECTIONS					
AFDC	2,514,791	3,065,979	5,512,050	6,364,066	7,117,608
NON-PA	1,258,088	1,583,340	1,974,054	2,695,039	4,959,391
TOTAL OKLAHOMA	3,772,879	4,649,319	7,486,104	9,059,105	12,076,999
RECIPROCAL	1,883,827	1,941,588	1,836,564	1,967,477	2,412,882
TOTAL	5,656,706	6,590,907	9,322,668	11,026,582	14,489,881
EXPENDITURES	5,900,536	6,249,214	5,663,647	5,898,875	7,524,616
RATIOS					
AFDC	0.43	0.49	0.97	1.08	0.95
NON-PA	0.21	0.25	0.35	0.46	0.66
TOTAL OKLAHOMA	0.64	0.74	1.32	1.54	1.60
RECIPROCAL	0.32	0.31	0.32	0.33	0.32
TOTAL	0.96	1.05	1.65	1.87	1.93
COLLECTIONS PER WORKER					
AFDC	17,835	21,745	40,234	43,890	49,428
NON-PA	8,923	11,229	14,409	18,586	34,440
TOTAL OKLAHOMA	26,758	32,974	54,643	62,477	83,868
RECIPROCAL	13,360	13,770	13,406	13,569	16,756
TOTAL	40,118	46,744	68,049	76,045	100,624
AFDC RECOVERY					
AFDC GRANTS	80,994,660	76,526,655	86,278,462	89,193,117	100,294,956
IV-D RECOVERY	2,514,791	3,065,979	5,512,050	6,364,066	7,117,608
RECOVERY RATE	3.10%	4.01%	6.39%	7.14%	7.10%

ATTACHMENT 1

OKLAHOMA CHILD SUPPORT ENFORCEMENT



ATTACHMENT 2



ATTACHMENT 3

Senator **Moynihan**. Can I thank you both, and can I ask two things of you?

Specifically, I want to mention this point. You mentioned the Oklahoma idea, and the work requirements of a mother with children in the home. What about work requirements of the father who is not in the home? Why not?

We are going to get the Wisconsin idea in just a little bit. They are proposing the idea of a social contract, a very congressionalist idea, if I may say so.

Would you send us a copy? Are you working on one?

Mr. **Heintz**. We do have some samples.

Senator **Moynihan**. Send that in. We want to make it part of the record.

Mr. **Heintz**. Absolutely.

Senator **Moynihan**. And would you send us this legislation that you are going to have before the legislature on Monday, sir?

Mr. **Fulton**. We will do that.

Senator **Moynihan**. And that "One Child in Four" was a very powerful report, and we thank you and we are just saying goodbye for now. You are not going to leave us one bit, are you?

Mr. **Fulton**. Not at all.

Senator **Moynihan**. Snowstorms or what? If you see Senator Bellman, please give him my greatest respect.

Mr. **Fulton**. Thank you, Senator.

Mr. **Heintz**. Thank you, Senator.

Senator **Moynihan**. We are now going to have testimony from a welcome group of friends in this regard, Mr. John Denning—and you have been very patient, sir—who is the President of the American Association of Retired Persons. I wonder if you thought you might end up retiring before this hearing got around to welcoming you up here? And Mr. Denton, would you join Mr. Denning? I guess I mentioned before the rather striking poll that Dan Yankolovich did for you, Mr. Denning. That was a fine piece of work on the attitudes of the young adults and older persons—and you will describe it, I hope.

And Mr. Denton, you have some rather meaningful tables in your statement. We will hear you first, Mr. Denning.

STATEMENT OF JOHN T. DENNING, PRESIDENT, AMERICAN ASSOCIATION OF RETIRED PERSONS, WASHINGTON, DC

Mr. **Denning**. Thank you, Mr. Chairman. The program you have today is a very important one and very dear to the lives of people all over this country. It is a subject that you certainly ought to get support for, and the American Association of Retired Persons are glad to support your effort in Congress to improve the quality of life for children.

You have my name. I am John Denning and President of the American Association of Retired Persons, representing some 24 million members aged 50 and above. Over the last 15 years, the basic poverty that has haunted our nation's elderly has been reduced dramatically. In the early 1970s, one in four older Americans lived in poverty. This welcome decline is attributable to the 1972 legislative increases in Social Security, which have been maintained by regular costs of living increases. Senator Moynihan, we appreciate your dedicated effort to maintain the integrity of Social Security benefits, and we wish you success in your current efforts to provide our nation's children with a comparable measure of economic security.

We are particularly pleased to share with you the results, first announced last week, of a new AARP Commission survey on intergenerational relationships conducted by the Daniel Yankolovich group. This survey is based on 2,000 telephone interviews from September to October 1986, with people 21 and over. The findings revealed a wide-spread concern about children in poverty and other vulnerable groups. Two significant findings relating to children emerged, and I would like to talk to you a moment about them.

First, the existence of a mutual respect and concern from generation to generation, exemplified by the emergence of both the very old and poor children as groups whose plight is of great concern to most Americans. In fact, 80 percent of Americans surveyed believe that children living in poverty should be the primary target for enhanced Federal government intervention. The next highest group was the homeless, at 75 percent, followed by those over 65, at 64 percent. This concern for children in poverty was an across-the-board phenomenon not restricted to those most likely to have children themselves.

Secondly, an ongoing commitment on the part of all generations to the value of family responsibility. Americans of all ages surveyed expressed strong support for the primacy of family responsibilities over the meeting of individual needs or desires. Family responsibilities for most respondents included both children and parents. Over eight in ten, or 83 percent, demonstrated strong support for family responsibilities, and the number of those 62 and older holding this view was even higher, 89 percent.

Interestingly, however, the survey found that to a substantially larger extent than any other age group, we older Americans hold the view that grown children should not be expected to support their parents. This is because we prefer to remain independent and self-reliant and do not want to be a burden on our children. Thus, we are more likely to believe that our grown children should be responsible primarily for their own offspring—our grandchildren, in much the same way as we honored our responsibility toward our now-grown children.

Given the commitment to family and a concern for children, we older Americans have responded in various ways. Some, including persons whose families have been poor for several generations, are the source of shelter. In some cases, we also serve as surrogate parents. Others provide regular child care that enables the custodial parents to work. Some, who are able, may even contribute direct financial assistance on a temporary or an ongoing basis.

Beyond our families, some of us work with children that we meet through volunteer programs. These programs not only provide needed services and assistance, but also channel the valuable resources of the elderly in important directions.

Also, others of us have sought to improve the circumstances of children through direct legislative advocacy, especially on the State level.

We are the grandparents and the great grandparents of today's youth, and we recognize that if America is to prosper tomorrow, today's children must be prepared. That, in turn, requires a supportive and secure home environment in which tomorrow's citizens and leaders can reach adulthood. It also means providing children with the necessary tools.

In my view what will fight poverty among children is a commitment to programs and policies that support children and their families, adequate funding for education, unemployment and health care for single mothers. Mr. Chairman, AARP is committed to working toward the resolution of the problems of tomorrow's retirees, as indeed we are of those today.

I congratulate you for the great effort that you are putting forth and wish you the greatest of success. And we pledge to you our support in obtaining it. Thank you so much.

Senator MOYNIHAN. Thank you, sir. We will hear Mr. Denton, and then we will have some general comments.

[The prepared statement of Mr. Denning follows:]

STATEMENT OF

THE AMERICAN ASSOCIATION OF RETIRED PERSONS

The American Association of Retired Persons, (AARP), representing the interests of more than 24 million persons 50 and over, including some 6 million who are employed, appreciates the opportunity to present our views on the especially significant issue of children in poverty that this committee is currently considering.

Mr. Chairman, over the last fifteen years the pervasive poverty that had haunted our nation's elderly has been reduced dramatically. In the early 1970's, one in four older Americans lived in poverty. Today there are one in eight persons over 65 (12.6 percent) who are living below the poverty line. Much of this welcome decline is attributable to legislated increases in Social Security, followed by regular cost of living increases. We appreciate the dedicated efforts of Senator Moynihan and others to maintain the integrity of Social Security benefits.

Hopefully, the successes in reducing poverty among older Americans can be duplicated for children. Shamefully, today one in five children fall below the poverty line; for children six and under, the figure is one in four; for Hispanic children two in five; and for black children, it is a staggering fifty percent. These numbers must be reduced; we owe it to our children and ourselves.

Survey findings

Certainly the considerable extent of poverty among children has been discussed in Washington and probably in many other metropolitan areas. However, the results of an AARP-commissioned survey on the current state of intergenerational relationships conducted by the widely respected Daniel Yankelovich Group reveal a national concern about children in poverty and other vulnerable groups. (Two thousand people over 21 were interviewed by telephone between September 1986 and October 1986.) Announced last week, the survey findings indicate, among other things, at least two significant trends affecting children.

o First, the existence of a mutual respect and concern from generation to generation exemplified by the emergence of the very old and children as two of the groups whose plight is of the greatest concern to most Americans.

o Second, an ongoing commitment on the part of all generations to the values of family responsibility and the meeting of family duties.

Children in Poverty

The growing recognition of poverty among children manifests itself in several significant ways. First, the American public cites children living in poverty as the number one group for which the federal government is not doing enough. In fact, 8 in 10 Americans surveyed believe the government should make children the primary target for enhanced federal intervention. (Table 1) The next highest group was the homeless at 75 percent, followed by those over 65 at 64 percent. Also, those surveyed regard children and the elderly as lacking adequate financial resources, that is both groups have a smaller share of the Nation's total wealth than their size relative to the rest of the population.

This concern for children in poverty was an across-the-board phenomenon, not concentrated among those most likely to have young children themselves. Moreover, older Americans are sympathetic to the struggle faced by young families -- more so, indeed, than the young themselves.

Family Responsibility

Americans of all ages also express strong support for the primacy of family responsibilities. Over 8 in 10 (83 percent) demonstrate strong support for the survey statement that "family responsibilities must come before one's own pleasure." The number of those 62 and over in agreement was even higher; it was 89 percent. Similarly, over 50 percent of those surveyed expressed very strong agreement with the statement that "once you have a child your own needs must come second."

On the other hand, older Americans, while strongly supportive of a family responsibility towards young children, accept, to a substantially larger extent than any other age group, the view that "grown children should not be expected to support their parents." (Table 2) This response reflects the keen urge for independence and self reliance that typifies many older persons, as well as a wish to avoid bein; a burden on their children.

Thus, older Americans are more likely to believe that their grown children should be responsible for their own offspring--their grandchildren--in much the same way as those over 65 honored their responsibilities towards their now grown children. In the discussion groups that followed the telephone survey, older persons participating made clear that any choice for today's young families between meeting the needs of grandparents and young children was clear cut from their point of view. They believe their grandchildren's needs should be addressed before their own.

Interestingly, the young surveyed are more concerned about the conditions facing older Americans than they themselves are. Those over 62 believe than they are doing better than younger generations. In the focus groups conducted in October, when forced by the moderator to choose between the needs of their children and their parents, the young indicated that they would devote more of their resources to their parents, whom they perceived to have a more urgent need. However, given the strong desire of older persons to remain free, it is likely that forced choices situations decided in favor of the older generation would meet with stubborn resistance. Even the young acknowledge this.

Finally, the strongest sense that family responsibilities must come before one's own needs is found among those with lower educational and income levels. Despite their heightened sense of family responsibility, these individual's limited economic resources definitely restrict their ability, not their desire, to meet their children's needs.

Children in One Parent Families

In one parent families, the ability of the custodial parent to provide young children with the necessities of life may be especially restrained by limited income. These single parent households usually are headed by females. The number of single parent female headed households has increased from 2.4 million in 1975 to 3.4 million in 1985. Nearly 40 percent of all single parent female headed households live in poverty. Many female headed households result from divorce. In 1985, according to the Census Bureau, the median income of families headed by a woman was $13,660; for families without a woman present, it was $22,622. In 1985, according to the Census Bureau, in female headed households when the mother is between 15 and 24, three out of four of these households are likely to be poor.

Older Americans Respond

How does the recognition of the needs of children and a strong sense of family responsibilities manifest itself in the actions of older Americans? Many older Americans, including those whose families have been poor for several generations, provide direct and perceptible support. In some instances, grandparents are the source of shelter, and in some cases, they even serve as surrogate parents. Others provide regular child care that enables the custodial parent to work. Some who are able may even contribute direct financial assistance on a temporary or on an ongoing basis. Without such essential intervention some children might face even more dire circumstances.

Some older Americans work with children previously unknown to them through a volunteer program. These programs not only provide needed services and assistance, but also channel the valuable resources of the elderly in an important direction. For example, during 1985 alone AARP members provided learning and coping skills training in an intervention program to children and youth in Atlanta, Georgia; Chicago, Illinois; and in Detroit and Ann Arbor, Michigan. Connecting the Ages for Responsibility for

Early Self Sufficiency (CARE) is a joint program with Campfire, Inc. in which AARP members teamed with teenage campfire girls in a prevention program to teach self sufficiency skills to latch key youngsters aged 6-9 in Rochester, New York; Downey, California; Dayton, Ohio; Seattle, Washington; and St. Paul, Minnesota.

The Parent Aide program, a project to prevent child abuse and neglect, which AARP sponsors in conjunction with social service agencies in Portland, Maine; Hagerstown, Maryland; Ann Arbor, Michigan; Lincoln, Nebraska; and Winston-Salem, North Carolina has reached out and provided home, nurturing and parenting skills to at-risk families.

Other older Americans have sought to improve the circumstances for children through direct legislative advocacy, especially on the state level. Mrs. Lovola Burgess, a member of AARP's Board of Directors and Chairman of New Mexico's State Legislative Committee, also serves on the Board of Directors of New Mexico's Coalition on Children. The coalition is dedicated to improving the emotional, physical and mental condition of the state's children. It has campaigned to improve the state's AFDC unemployed parent program and its child care system. The group, and Mrs. Burgess in particular, has also worked toward securing adequate child support for one parent families.

AARP's position

The Association's members are the grandparents and great grandparents of today's youth. While understandably concerned about issues affecting their own well being, they also display a visible sensitivity to legislation that directly affects on the younger generation. Our members believe that:

- "Congress (should) work for the elimination of barriers that deprive women of social, legal, and economic equity...Laws and practices which work to deprive women of adequate financial security come at great risk to society. Reforms in private pension and Social Security laws, tax laws, insurance practices and family laws are needed to increase the economic opportunities for women and to improve their financial security."

- "The shortage of low cost housing, however uneven geographically, is a major and growing national problem. The Association believes that it is imperative that the federal government play a strong role in assisting housing production for low income people; the private sector simply lacks the incentives to fill this gap on its own."

Saving Our Children: The Key to Tomorrow

Older Americans recognize that if America is to be adequately prepared for tomorrow, today's children, who will be its citizens and leaders, must be prepared for that future. That, in turn, requires a supportive and economically secure environment in which these children can reach adulthood. It also means providing them with the necessary tools to prepare for that tomorrow. The words of the Association's current president, John Denning, express this position clearly, "(W)hat will fight poverty among children is a commitment to programs and policies that support children and their families. Adequate funding for education, youth, unemployment, health care and single mothers will do more to improve the lot of youth." Thus, AARP is committed to working towards the resolution of the problems of tomorrows retirees as, indeed, we are of today.

TABLE 1

PERCEPTIONS OF GOVERNMENT ACTION VIS-A-VIS SUBGROUPS

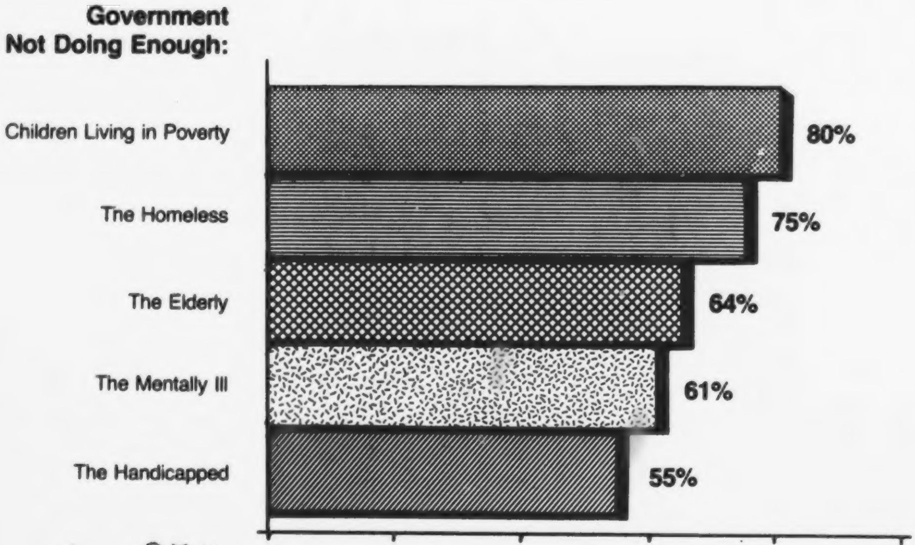
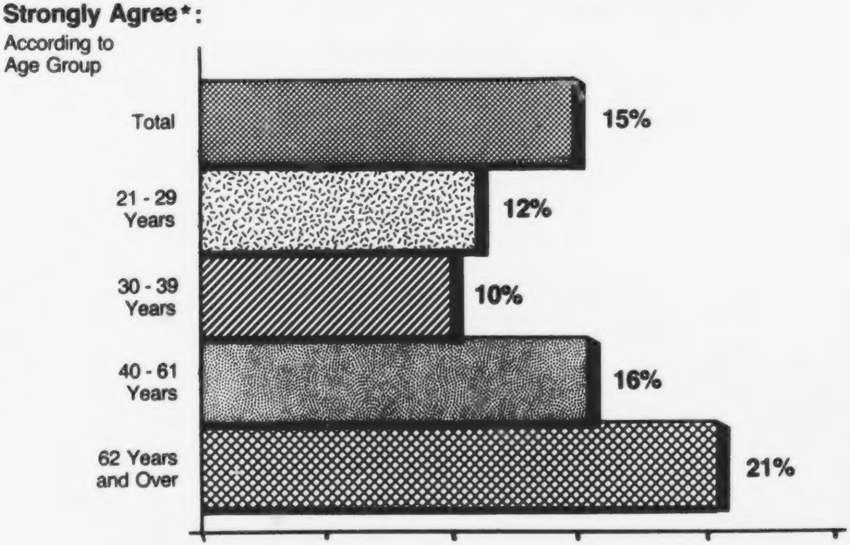


TABLE 2

RESPONSIBILITY TO PARENTS

Once Children Grow Up and Leave Home, A Parent's Responsibility Ends



*Rating of '6' on a 6-Point Scale.

STATEMENT OF JAMES S. DENTON, EXECUTIVE DIRECTOR, NATIONAL FORUM FOUNDATION, WASHINGTON, DC

Mr. DENTON. Good afternoon, Mr. Chairman. My name is, as you know, is Jim Denton. I am the President of the National Forum Foundation and am privileged to have the opportunity to testify here for you today.

The most meaningful contribution that I can make in the time allotted is to suggest that this committee carefully examine the performance levels of the individual State's child support program. Such a review, I believe, will persuade the committee that there is a significant potential for including the efficiency of the child support enforcement program and returning the burden of child support to absent fathers.

About two years ago, the National Forum Foundation conducted a study of the child support enforcement program entitled "Child Support Enforcement—Unequal Protection of the Law." That is right here.

Senator MOYNIHAN. Yes.

Mr. DENTON. The purpose of this report was to focus attention on the crisis faced by the nation's 8.4 million female headed households, of which 5.5 million received no support from the absent father in 1984. This, of course, forced millions of women and children into poverty that year.

As we all know, these single mothers and their children represent the fastest growing poverty group in America, a phenomenon commonly called "the feminization of poverty." Our research and report, which has since been largely substantiated by the Office of Child Support Enforcement—that is, their report to the Congress in 1985—demonstrates that there exists an enormous disparity between individual State's performance in carrying out their functional and administrative responsibilities in the Child Support Program.

In the functional areas, there are significant differences from one State to another in their success rates in establishing paternity, obtaining court orders for support, and collecting child support from absent fathers.

For example, Table 1, which is attached to my statement, illustrates the disparity of the State's performance in establishing paternity among illegitimate children born in 1982. Michigan, Connecticut, Maryland, New Jersey, and Wisconsin led the nation by establishing paternity for about half of their paternity cases. On the other hand, nine States—as you mentioned earlier—were unable to establish paternity for 90 percent or more of their paternity cases.

The States with the poorest performance in 1982 were Idaho, Montana, Missouri, New Hampshire, and Texas.

In the broader administrative context, we find disparity when using several available standards to measure efficiency of the State child support programs.

Table 2 lists the total CSE collections for each State in 1985. I have divided this dollar amount by the total number of staff employed by that State on the last day of the fiscal year. We are left with a number which represents the amount of child support collected by each State on a per-employee basis. Of course, I recognize that it would be premature to draw any firm conclusions from this number alone. However, it is clear that this is an important performance indicator in assessing the relative and absolute performance of individual State CSE bureaucracies.

To be specific, for every employee that is in Pennsylvania's Statewide child support system, $403,000.00 was collected in child support in 1985. That same year, on the opposite end of the spectrum, for every employee in Washington, D.C.'s program, a mere $32,000.00 was collected in child support. Joining Pennsylvania at the top of the list are Michigan, Connecticut, and Massachusetts, all of which collected over $200,000.00 per employee.

At the bottom of the scale, along with the nation's capitol, are Kansas, Virginia, Wyoming, and Texas, none of which collected over $50,000.00 per employee. A more common and perhaps more telling number used to measure—and I hesitate and mention this number with some peril because, a moment ago, you said if someone else mentions this, you are going to get really upset.

Senator **Moynihan**. No.

Mr. **Denton**. But perhaps a more common and perhaps more telling number used to measure the administrative efficiency of State programs is the total collection per dollar of administrative expenditures. This and other interesting data are published in the OCSE's 1985 Report to Congress, Volumes I and II.

Counted among those States with particularly high ratings were Michigan—which returned $7.60-plus for each administrative dollar spent—Pennsylvania, Nebraska, Iowa, and Delaware. Among those States with the lowest return on the Government's investment are the District of Columbia, Oklahoma, Guam, Wyoming, West Virginia, and South Carolina.

I would like to present one final illustration of the disparity between individual State's performance. If we accept that an important goal of the CSE program is to transfer the burden of child support from the taxpayer and to the absent father, I think you will find Table 3 instructive. This table identifies the total number of families which were removed from AFDC due to the effort of the child support offices. Here again, it would be wrong to rely on one chart to form any conclusions, particularly as we do not have sufficient data to establish and compare the rates of performance in this category.

Nonetheless, it is not insignificant that New York, New Jersey, Texas, and Tennessee were each able to free 2,000 to 6,000 families from AFDC in 1985. Meanwhile, Arizona, Guam, Maryland, Missouri, Vermont, Wyoming, and once again, the District of Columbia were unsuccessful in removing one family from AFDC that year.

Obviously, I have only presented a minute sampling of the data available. My purpose is simply to illustrate that the evidence suggests that some States are performing very well, others marginally, and others poorly in collecting child support. I submit to you that this is actually encouraging news, for in my judgment, those State, county, and local offices across America that are doing a good job have shattered any illusion that the State child support program is too complex, too burdensome, and too expensive to operate efficiently.

Our task now is to carefully examine this nation's child support machine and all of its parts before fixing it to determine why the machine works so well in Detroit and Fresno and Indianapolis and not in other cities. To my knowledge, no Government agency or independent institution has conducted such a comprehensive and comparative analysis to assess the reasons why States' performance is so varied.

This analysis must be done. Common sense tells us that, if we can identify those characteristics which distinguish the efficient offices from the others, the lessons learned will pay dividends if applied to all State programs.

Senator MOYNIHAN. Mr. Denton, in the interest of keeping our hearing going here, I am going to have to ask you to stop there. I completely agree. You have brought to us a very striking statement, as I am sure Mr. Denning agrees. You know, we have the same country, the same air, the same kinds of people; and Detroit can have an extraordinary recovery in terms of identification, and New York can't. And in some States on the high plains, where they are very far apart and hardly know each other, they don't do well at all.

We will ask the GAO your question, and let's see if they can't go right to it. I would like to think they could do this for us, but I don't know.

[The prepared statement of Mr. Denton follows:]

[illegible] by

James S. Denton, President

National Forum Foundation

The most meaningful contribution that I can make today is to suggest that this subcommittee carefully examine the performance levels of the individual states' child support program. Such a review, I believe, will persuade the committee that there is significant potential for improving the efficiency of the child support enforcement program and returning the burden of child support to absent fathers.

About two years ago, the National Forum Foundation conducted a study on the Child Support Enforcement (CSE) program entitled, "Child Support Enforcement: Unequal Protection Under the Law." The purpose of this report was to focus attention on the crisis faced by the nation's 8.4 million female-headed households of which 5.5 million received no child support from the absent father in 1984, which forced millions of women and children into poverty that year. As we all know, these single mothers and their children represent the fastest growing poverty group in America, a phenomenon commonly called "the feminization of poverty."

Our research and report, which has since been largely substantiated by the Office of Child Support Enforcement's (OCSE) 1985 Report to Congress, demonstrates that there exists an enormous disparity between individual states' performance in carrying out their functional and administrative responsibilities in the child support program. In the functional areas, there are significant differences from one state to another in their success rates in establishing paternity, obtaining court orders for support and collecting child support from the absent fathers.

For example, Table 1, which is attached to my statement, illustrates the disparity of the states' performance in establishing paternity among the illegitimate children born in 1982. Michigan, Connecticut, Maryland, New Jersey and Wisconsin led the nation by establishing paternity for about half of their paternity cases.

On the other hand, nine states were unable to establish paternity for 90% or more of their paternity cases. The five states with the poorest performance (in 1982) were Idaho (2.0%), Montana (2.7%), Missouri (2.9%), New Hampshire (3.7%) and Texas (4.5%).

In the broader administrative context, we find similar disparity when using several available standards to measure the efficiency of state child support programs. Table 2 lists the total CSE collections for each state in 1985. I have divided this dollar amount by the total number of staff employed by that state on the last day of the fiscal year. We are left with a number which represents the amount of child support collected by each state on a per employee basis.

Of course, I recognize that it would be premature to draw any firm conclusions from this number alone. However, it is clear that this is an important performance indicator in assessing the relative and absolute performance of individual states' CSE bureaucracies.

To be specific, for every employee in Pennsylvania's statewide child support system, $403,000 was collected in child support in FY 85. That same year, on the opposite end of the spectrum, for every employee in Washington D.C.'s program, a mere $32,000 was collected in child support.

Joining Pennsylvania at the top of the list are: Michigan, Connecticut and Massachusetts, all of which collected over $200,000 per employee. At the bottom of the scale along with the nation's capital are: Kansas, Virginia, Wyoming and Arkansas - none of which collected over $50,000 per employee.

A more common, and perhaps more telling, number used to measure the administrative efficiency of state programs is the "total collections per dollar of administrative expenditures." This and other interesting data is published in OCSE's 1985 Report to Congress, Volumes I and II. Counted among those states with particularly high ratings were: Michigan ($7.62 returned for each administrative dollar spent), Pennsylvania ($6.68), Nebraska ($6.32). Iowa ($5.92) and Delaware ($5.62). Among those with the lowest return on the government's investment are: the District of Columbia (with $1.06 returned for every administrative dollar spent), Oklahoma and Guam ($1.46), Wyoming ($1.64), West Virginia ($1.66) and South Carolina ($1.70).

I would like to present one final illustration of the disparity between individual states' performance. If we accept that an important goal of the CSE program is to transfer the burden of child support from the taxpayers to the absent father, Table 3 is instructive. This table identifies the total number of families which were removed from AFDC due to the effort of the state child support offices.

Here again, it would be wrong to rely on one chart to form any conclusions, particularly as we do not have sufficient data to establish and compare the rates of performance in this category. Nonetheless, it is not insignificant that New York, New Jersey, Texas and Tennessee were each able to free between 2,000 - 6,000 families from AFDC dependency in 1985. Meanwhile, Arizona, Guam, Maryland, Missouri, Vermont, Wyoming, and, once again, the District of Columbia were unsuccessful in removing one family from AFDC the same year.

Obviously I have presented only a minute sampling of the data available. My purpose is simply to illustrate that the evidence suggests that some states are performing very well, others marginally and others poorly in collecting child support.

I submit to you that this is encouraging news. For in my judgment, those state, county and local offices across America that are doing the job have shattered any illusions that the child support program is too complex, too burdensome and too expensive to operate efficiently.

Our task now is to carefully examine this nation's child support machine and all of its parts before fixing it to determine why the machine works so well in Detroit, Fresno and Indianapolis and not in other cities.

To my knowledge no government agency or independent institution has conducted such a comprehensive and comparative analysis to assess the reasons why states' performance is so varied. This analysis must be done. Common sense tells us that if we can identify those characteristics which distinguish the efficient offices from the others, the lessons learned will pay dividends if applied to all state programs.

In summary, we have observed a vast difference between the states' individual performances in collecting child support. I am persuaded that there are many well managed state programs and local offices. I am also persuaded that we need additional information before proposing new programs or any major modifications. Therefore, with the intention of improving the CSE program, we recommend that Congress, the GAO and the Office of Child Support Enforcement work together to accomplish the following:

1. Conduct a comprehensive comparative analysis to determine the key performance factors or indicators which distinguish the most efficiently managed CSE offices.
2. Apply the lessons learned from this analysis to provide guidelines (dos and don'ts) and recommend standardized procedures for state program administrators.
3. Determine CSE "industry averages" and establish minimum performance standards in both the functional and administrative program areas of accountability.
4. Develop an intelligent incentive program which rewards top performers (including both the state and cash bonus awards for outstanding employees) and which penalizes those states which do not meet standards.

In conclusion, this issue is not a partisan one. In fact, I chose to name those states which ranked high and low to demonstrate that this problem transcends all political affiliations and regional lines. It is my hope that as the welfare reform debate goes before the whole Congress that the tone you have set here will be maintained and that partisanship is cast aside. And, finally, I congratulate you, Mr. Chairman, for the determination and class which has characterized your pursuit of this crucial welfare reform agenda.

On behalf of the National Forum Foundation once again I thank you for asking me to participate here today and I hope you will call upon us if we can be of any assistance.

Author's Note: It should be pointed out that this statement has tended to measure the CSE program in terms of "state performance." This is because no public data describing the performance at the county or local office level exists. It is almost certain that, if given the localized data, we would discover some state CSE administrators have little to do with their ranking, be it high or low. It is highly probably that certain county programs with large caseload activity will have a disproportionate impact on a given state's performance level. Therefore, it would be a serious procedural flaw if a comprehensive study did not focus especially on the county or local offices in assessing those key performance factors which distinguish an efficiently managed CSE program.

4D PATERNITY ACTIONS FOR ILLEGITIMATE BIRTHS: 1982
(Sequenced by percent of illegitimate births normalized by paternity)

Rank	Illegitimate Births*	4D Paternity Actions**	% of Illegitimate Births
1 Michigan	22,378	12,952	57.9%
2 Connecticut	7,891	4,397	55.7%
3 Maryland	17,246	8,417	48.8%
4 New Jersey	21,425	9,647	45.0%
5 Wisconsin	11,188	5,025	44.9%
6 Utah	2,905	1,229	42.3%
7 Tennessee	14,001	5,913	42.2%
8 No. Carolina	17,404	7,071	40.6%
9 Delaware	2,204	871	39.5%
10 Oregon	6,504	2,190	33.7%
11 Minnesota	8,427	2,707	32.1%
12 Alabama	13,996	4,472	32.0%
13 Hawaii	3,466	1,077	31.1%
14 Nevada	2,047	626	30.6%
15 Pennsylvania	31,224	9,362	30.0%
16 Ohio	31,070	8,552	27.5%
17 Kentucky	8,983	2,453	27.3%
18 Massachusetts	12,564	3,429	27.3%
19 Indiana	14,290	3,853	27.0%
20 Florida	35,422	8,870	25.0%
21 Maine	2,459	595	24.2%
U.S. AVERAGE			24.1%
22 Georgia	23,263	5,452	23.4%
23 California	93,007	21,427	23.0%
24 Iowa	5,074	1,121	22.1%
25 North Dakota	1,318	284	21.5%
26 New York	63,298	12,751	20.1%
27 Vermont	1,184	234	19.8%
28 Dist. of Col.	5,004	941	18.8%
29 Kansas	5,278	978	18.5%
30 New Mexico	6,119	1,071	17.5%
31 Rhode Island	2,009	333	16.6%
32 Louisiana	20,210	3,273	16.2%
33 Virginia	15,981	2,463	15.4%
34 Arkansas	7,363	1,131	15.4%
35 Colorado	7,[illegible]	1,154	14.9%
36 Washington	9,997	1,474	14.7%
37 Illinois	42,695	6,194	14.5%
38 Oklahoma	8,204	1,132	13.8%
39 West Virginia	3,901	521	13.4%
40 Mississippi	13,605	1,751	12.9%
41 So. Carolina	12,595	1,413	11.2%
42 Wyoming	1,015	108	10.6%
43 Nebraska	3,434	335	9.8%
44 South Dakota	1,924	159	8.3%
45 Arizona	10,626	618	5.8%
46 Alaska	1,888	98	5.2%
47 Texas	41,447	1,862	4.5%
48 New Hampshire	1,734	64	3.7%
49 Missouri	14,395	424	2.9%
50 Montana	2,070	56	2.7%
51 Idaho	1,726	34	2.0%
U.S. TOTAL	715,227	172,564	24.1%

Source: *"Monthly Vital Statistics Report," 1982; Nat. Center for Health Statistics; Table 16.
**"Annual Report to Congress: 1982," (4D) p. 80.

Table 1

CSE COLLECTIONS PER PROGRAM EMPLOYEE

	Total CSE Collections[1] 1985	Total Staff[2]	Collections Per Employee	Rank
Alabama	$ 25,532,365	341	$ 74,874	30
Alaska	10,794,100	94	114,511	15
Arizona	12,874,138	122	105,525	17
Arkansas	9,988,354	201	49,693	46
California	305,096,005	3,383	90,185	23
Colorado	18,324,030	323	56,730	44
Connecticut	48,209,627	149	323,554	3
Delaware	10,697,542	74	144,561	9
District of Columbia	4,692,401	147	31,921	54
Florida	45,751,133	705	64,895	39
Georgia	26,280,701	388	67,733	35
Guam	432,644	13	33,280	53
Hawaii	11,642,020	140	83,157	26
Idaho	5,814,561	72	80,757	28
Illinois	54,529,936	816	66,825	38
Indiana	33,683,169	388	86,812	24
Iowa	34,349,870	212	162,027	8
Kansas	11,429,798	239	47,823	49
Kentucky	25,144,526	374	67,231	36
Louisiana	34,258,854	768	44,607	51
Maine	14,120,830	119	118,662	13
Maryland	83,806,774	866	96,774	20
Massachusetts	98,339,241	343	286,703	4
Michigan	341,178,339	905	376,992	2
Minnesota	58,849,660	509	115,618	14
Mississippi	6,895,334	119	57,943	43
Missouri	36,716,460	341	107,672	16
Montana	3,906,279	48	81,380	27
Nebraska	29,905,975	166	180,156	6
Nevada	7,279,683	120	60,664	42
New Hampshire	12,771,173	72	177,377	7
New Jersey	200,155,498	1,454	137,658	11
New Mexico	6,291,963	85	74,023	33
New York	199,550,391	2,326	85,791	25
North Carolina	45,042,203	659	68,349	34
North Dakota	3,645,370	51	71,477	32
Ohio	82,700,294	1,108	74,639	31
Oklahoma	9,233,358	196	47,108	50
Oregon	39,778,092	326	122,018	12
Pennsylvania	371,162,798	921	402,999	1
Puerto Rico	54,265,042	252	215,337	5
Rhode Island	8,633,782	82	105,290	18
South Carolina	11,062,658	118	93,751	21
South Dakota	3,153,548	47	67,096	37
Tennessee	23,562,038	365	64,553	40
Texas	30,311,364	474	63,948	41
Utah	16,758,601	296	56,616	45
Vermont	3,683,426	40	92,085	22
Virgin Islands	2,338,988	29	80,654	29
Virginia	16,277,731	334	48,735	48
Washington	56,829,556	560	101,481	19
West Virginia	4,690,694	112	41,881	52
Wisconsin	82,070,713	593	138,399	10
Wyoming	1,230,505	25	49,220	47
Totals	$ 2,695,724,138	23,010	$ 117,154	

1. Source: Form OCSE-34 Line 13 (A+B+C)
2. Source: Form OCSE-3 Lines G1+G2 (AFDC+Non-AFDC)
Staff levels as of September 30, 1985

Table 2

NUMBER OF FAMILIES REMOVED FROM AFDC DUE TO CHILD SUPPORT COLLECTIONS

Alabama	324
Alaska	13
Arizona	0
Arkansas	109
California	445
Colorado	618
Connecticut	667
Delaware	54
District of Columbia	0
Florida	305
Georgia	1,600
Guam	0
Hawaii	140
Idaho	38
Illinois	615
Indiana	154
Iowa	21
Kansas	194
Kentucky	257
Louisiana	645
Maine	197
Maryland	0
Massachusetts	1,258
Michigan	570
Minnesota	808
Mississippi	68
Missouri	0
Montana	53
Nebraska	23
Nevada	79
New Hampshire	28
New Jersey	4,386
New Mexico	51
New York	6,105
North Carolina	145
North Dakota	1,673
Ohio	226
Oklahoma	101
Oregon	113
Pennsylvania	665
Puerto Rico	1,032
Rhode Island	282
South Carolina	1,867
South Dakota	36
Tennessee	2,730
Texas	2,851
Utah	647
Vermont	0
Virgin Islands	1
Virginia	111
Washington	0
West Virginia	689
Wisconsin	903
Wyoming	0
Nationwide Totals	33,897

Source: Form OCSE-3 Line E1 (AFDC)

Table 3

INCENTIVE PAYMENTS

Alabama	3,023,616
Alaska	277,661
Arizona	190,908
Arkansas	748,666
California	20,276,143
Colorado	1,121,093
Connecticut	2,906,140
Delaware	461,687
District of Columbia	297,029
Florida	3,453,057
Georgia	2,311,947
Guam	28,637
Hawaii	700,365
Idaho	499,222
Illinois	2,767,448
Indiana	2,975,974
Iowa	2,803,578
Kansas	1,099,984
Kentucky	1,071,940
Louisiana	1,461,320
Maine	1,253,225
Maryland	3,088,697
Massachusetts	5,572,707
Michigan	14,531,657
Minnesota	3,677,410
Mississippi	366,218
Missouri	2,146,283
Montana	363,090
Nebraska	690,742
Nevada	154,498
New Hampshire	290,944
New Jersey	5,886,770
New Mexico	449,894
New York	9,497,632
North Carolina	2,808,500
North Dakota	314,821
Ohio	5,710,194
Oklahoma	786,774
Oregon	1,624,279
Pennsylvania	6,788,209
Puerto Rico	167,382
Rhode Island	613,134
South Carolina	1,015,453
South Dakota	226,508
Tennessee	715,706
Texas	1,877,920
Utah	729,867
Vermont	379,061
Virgin Islands	25,311
Virginia	1,658,179
Washington	3,672,621
West Virginia	537,889
Wisconsin	4,986,454
Wyoming	90,319
Nationwide Totals	131,224,763

Source: Form OCSE-34 Line 16 (A+B)

Table 4

Senator **Moynihan**. Mr. Denning, that is a most powerful piece of information you brought to this committee.

Mr. **Denning**. I want you to have time to look through it some time.

Senator **Moynihan**. Yes, sir. We have got it right here.

Mr. **Denning**. It is really a fine document, and this is a summary of it.

Senator **Moynihan**. Dan Yanklovich is a superb analyst and a friend of yours, and you have found that there is a consensus in this country to do these things.

Mr. **Denning**. There is no question about it.

Senator **Moynihan**. And you have come along with facts, and we thank you for that. May I just interject a personal note? My mother-in-law passed away just this spring, and she was of considerable age. And she was a member of the AARP, and we didn't know that. And you all have been just plain wonderful. Every time anything happens, my wife gets these long pieces of paper and so forth——

Mr. **Denning**. Yes, I can understand that.

Senator **Moynihan**. She doesn't have anything to do with it; she just sends it to the AARP office and back comes the answer: Don't worry about it; we have taken care of it. It really is a very impressive thing to have someone help you in that type of situation.

Mr. **Denning**. Thank you, Senator. You have got a real educational problem. AARP can help you to provide the educational leadership to get the public acquainted with what you are trying to do.

Senator **Moynihan**. Thank you, Mr. Denning, and thank you, Mr. Denton. We will be after you and the GAO.

Mr. **Denton**. Thank you, Mr. Chairman.

Senator **Moynihan**. We are now going to hear from a very good friend of this company, Prof. Irwin Garfinkel of the Institute for Research on Poverty at the University of Wisconsin. And I am going to ask Prof. Barbara Bergmann if she would be good enough to join him at the table?

STATEMENT OF PROF. IRWIN GARFINKEL, SCHOOL OF SOCIAL WORK AND INSTITUTE FOR RESEARCH ON POVERTY, UNIVERSITY OF WISCONSIN AT MADISON

Professor **Garfinkel**. Mr. Chairman, thank you for inviting me to testify. For nearly 20 years, I have worked at the Institute for Research on Poverty, studying our welfare and child support systems. I have a statement and a journal article that I would like to submit for the record.

Senator **Moynihan**. Please do.

Professor **Garfinkel**. I want to communicate three messages. First, I agree wholeheartedly with the thrust of your welfare replacement strategy. Second, I believe a new Federal child support assurance system is a crucial ingredient of a replacement strategy. Third, there are numerous intermediate steps that the Congress can enact now which will bring the nation closer to ultimate enactment of a Federal child support assurance system.

Senator Moynihan, you have stirred the whole country—Republicans and Democrats alike—by your call for welfare replacement, rather than welfare reform. Some of the response reflects unease and fear; but mostly, you have aroused hope. To quote from an editorial in the Wisconsin State Journal, "Liberals and conservatives alike know the existing system is flawed. They would do well to pay attention to Moynihan's fresh and sensible ideas."

There are some who fear that your call for replacement heralds an abandonment of the poor and that you would do away with cash aid to poor families headed by women. That is not the way I read your statement, and therefore I do not share this fear. It is not necessary to subscribe to the view of extremists like Charles Murray that welfare is worse than nothing to believe that we can do much better than welfare. The route to both greater independence and greater economic well-being for poor single mothers, as you have said, is the replacement of income from welfare with income from earnings and child support.

It is so evident once you say it that one wants to ask: Why didn't we see it before? The answer is that times have changed. When we enacted the AFDC program as part of the 1935 Social Security Act, the overwhelming majority of single mothers were widows. Widows obviously could not collect child support from their deceased husbands. Furthermore, women with children were expected to stay home and raise their children. Now, over 90 percent of children on AFDC have living fathers. Similarly, whereas only a small minority of mothers worked in 1935, the majority of mothers with children now work.

These shifts occurred gradually between 1935 and 1987, and Congress responded slowly but surely by strengthening the public enforcement of private child support obligations and by providing both inducement and requirements for single mothers to work. Now that most children in single parent families also have a living noncustodial parent, and now that most mothers work, it has become apparent that tinkering with welfare is no longer sufficient.

Some things, however, do not change. Franklin Delano Roosevelt, Wisconsin's Edwin Witte, and the other architects of our Social Security System, just like Senator Moynihan, President Reagan, and the overwhelming majority of our contemporary political leaders feared the effects of long-term dependence on cash assistance. The architects of our Social Security System said, "A democratic society has an immeasurable stake in avoiding the growth of a habit of dependence among its youth"

So, they urged adoption of a survivors' insurance system which required workers to insure themselves in order to "sustain the concept that a child is supported through the efforts of the parent." Like the survivors' insurance system, a child support assurance system is based on the widely accepted notion that to parent a child is to incur a responsibility to support the child.

A child support assurance system is easy to explain. It has only three major components: a simple standard for determining child support obligations, universal income withholding of child support obligations, and an assured benefit. Under the percentage of income standard, child support obligations are determined in almost every case by a simple legislative formula that states what percentage of the absent parent's income must be shared with his or her child.

Under universal income withholding, all child support obligations are automatically withheld from wages and other sources of income: at the outset of the obligation. In other words, they are treated just like income and payroll taxes.

Senator MOYNIHAN. Professor Garfinkel, please go on. We want to hear the whole of your testimony.

Professor GARFINKEL. Under the assured benefit, children who are legally entitled to receive child support will receive the full amount that their noncustodial parent pays, but no less than a publicly assured minimum benefit.

The State of Wisconsin is in the process of implementing this system. Because of fiscal prudence, the State began in 1984 by first piloting the collection aspects of the reform. As of July 1987, the percentage of income standard and immediate income withholding will be used State-wide. If all goes well, the assured benefit will be piloted in four counties beginning in January 1988.

I have estimated some of the costs and benefits of adopting a Federal child support assurance system. My estimates indicate that if only 70 percent of what noncustodial parents would owe under the Wisconsin percentage of income standard were collected—I say only 70 percent; that is a good deal more than what we are collecting now; it is about halfway between what we are doing now and perfection. If we achieve that, a zero cost Federal program would reduce by about half both national AFDC caseloads and poverty among children eligible for support.

Let me repeat. A Federal child support assurance program can achieve simultaneous big reductions in both welfare dependence and poverty at no extra cost. Now, that is quite a trick. Indeed, you should be asking yourself if you are being addressed by a snake oil salesman because it sounds like you might be getting something for nothing.

Now, I don't believe it possible to get something for nothing. So, let me explain how you can fund the assured benefit and dramatically reduce both welfare dependence and poverty at no extra cost to the Treasury.

The additional funds will come primarily from noncustodial parents. My research indicates these parents, including those with low income, can afford to pay substantially more child support than they are currently paying. And the Government can assure that much more child support is paid. This increased child support will generate savings in AFDC expenditures. Now, the AFDC savings can be used to reduce taxes or to increase the economic well-being of children eligible for child support or some combination of both.

In view of the fact that children potentially eligible for child support and mothers who care for most of them are among our poorest citizens, using these funds to improve the economic well-being of these families is at the very least the compassionate thing to do.

In view of the fact that half of the next generation will be in the child support system before they reach adulthood, it is also the wise thing to do.

Senator **Moynihan**. Half of the next generation will be in the child support system before they reach adulthood? All right. That is a startling statistic.

Professor **Garfinkel**. Sharing some of the increased revenue with these families will also encourage the mothers to cooperate in establishing the paternity of noncustodial fathers, which is one of the weakest links in the current system. Now, Congress has already approved two alternative methods of sharing some of the AFDC savings with families eligible for child support.

All States are now required to ignore the first $50.00 per month of child support paid in calculating the amount of the AFDC benefit. One State—Wisconsin—is permitted to use the Federal share of AFDC savings to help fund an assured child support benefit. In other words, the savings in Wisconsin will be used to take women outside the welfare system. Which method is preferable: sharing the gains inside or outside of welfare? If your objective is to reduce the extreme dependence endemic to AFDC, or in your words, if your objective is to replace rather than to reform welfare, the answer is clear: Do it outside of welfare. Outside.

I am therefore opposed to the $50.00 child support set aside within welfare. I urge you to eliminate it and channel the savings generated into an assured child support benefit.

It is not easy to oppose something that provides a few extra dollars for the poor, but I think it is a very important symbolic act when you say those dollars can be provided to the poor in a better way. Some might ask: Isn't the child support assurance system just welfare by another name? The answer is no. Unlike the welfare system, the child support assurance system is not just a program for the poor. Like our social insurance and public education systems, it serves children from all income classes.

Second, unlike the welfare system, it supplements rather than replaces earnings. There is no benefit to the custodial parent, and the benefits for the children are not eliminated as the earnings of the custodial parent increase.

Finally, to those who ask, "Is child support assurance just welfare by another name?", I ask, "Is survivors' insurance just welfare by another name?" To say so is just plain foolish. As documented in the article I submitted for the record, the child support system cries out for reform.

It condones and therefore fosters parental irresponsibility. It is rife with inequity; and it contributes to the poverty and welfare dependence of poor single mothers and their children. The landmark child support bill Congress passed unanimously in 1984 takes giant strides in the direction of the child support assurance system by requiring all States to establish nonbinding guidelines for the establishment of child support awards and to use income withholding in response to a one-month delinquency in child support payments.

What is required now is to build upon these steps. Nonbinding guidelines are not equivalent to a simple legislated child support standard. Most of the guidelines that States have adopted or are considering are too complex. I wish Senator Bradley were here; he would appreciate that.

Furthermore, they do not prevent the savings from increased child support collections from being eroded by inflation. The best thing that Congress could do is to enact a Federal child support percentage of income standard which would automatically link child support obligations to income changes. Short of that, Congress could require the States to make their guidelines rebuttable presumptions for determining child support obligations, and Congress could require the States to periodically update child support orders to reflect changes in the noncustodial parent's ability to pay.

Finally, Congress could establish a Federal minimum child support obligation. Withholding in response to delinquency is not equivalent to immediate universal withholding of child support obligations. Does anyone imagine that income tax collections would be as large if we used withholding only for those who failed to pay their income tax, Preliminary evidence from Wisconsin suggests that, where it has been pursued as universally as possible, immediate withholding is already increasing collections by a modest amount.

Furthermore, since our data show that within three years 70 percent of obligors become delinquent for two months—not one, but two months—in a row, it makes sense to withhold the child support before the majority of noncustodial parents become law-breakers. Thus mandating, or at the very least, encouraging the States to adopt laws for immediate income withholding seems like a sensible next step.

Finally, Congress could take a number of steps in the direction of a Federal child support assured benefit. In considering this step, I would recommend to you what I recommended to Wisconsin. Be cautious and fiscally prudent.

Begin by strengthening enforcement. Have the experts in the CBO check my estimates. You can make sure that whatever you enact doesn't cost the Government anything or costs only a little more or even saves money. At the very least, grant other States besides Wisconsin the right to use Federal funds that would otherwise have been spent for AFDC to help fund an assured child support benefit. To do so won't cost the Federal Government one cent.

And please eliminate the $50.00 set aside and use the savings to help fund either a State or Federal assured child support benefit. If you want to be more venturesome but still cautious, your proposal to limit the assured benefit to a few years substantially reduces its potential cost. Moreover, there is precedent for such a time-limited benefit in Germany. An equally cautious alternative would be to start with a very low assured benefit.

The particular steps that Congress should take now depend primarily on political feasibility, about which you know far more than I. So long as the steps move us from the dismal reality of the current system toward the bright promise of a new child support assurance system, the country will benefit.

Thank you once again for the opportunity to contribute to your deliberations.

Senator MOYNIHAN. Thank you. Before we go to Professor Bergmann, let it be clear that the extraordinary advent of the national consciousness of assured child support is very much the work of one Irwin Garfinkel and a product of a long period of gestation at the Institute of Poverty Research that was set up under OEL; and you didn't pull up the roots every other year to see if the tree was growing. This is a disposition that we sometimes have.

We are very proud of what you have done, sir. And could I say on the question of limiting that assured benefit, it seems to me that that is a question we could look to; but I don't have a position on it right now.

Let's now go to Professor Bergmann of the University of Maryland. We welcome you, Professor Bergmann; and I take it we are going to hear from you on the series that you have produced for your forthcoming work?

Professor **Bergmann**. No, it is out.

Senator **Moynihan**. No, it is just out, the book called "The Economic Emergence of Women." Forgive me for not having read it, and I will look forward to hearing your thoughts.

[The prepared statement of Professor Garfinkel follows:]

Testimony by

Irwin Garfinkel

Mr Chairman and committee members, thank you for inviting me to testify. My name is Irv Garfinkel. For nearly 20 years I have worked at the Institute for Research on Poverty studying our welfare and child support systems. I have a statement and a journal article that I'd like to submit for the record.

I want to communicate three messages. First, I agree wholeheartedly with the thrust of Senator Moynihan's welfare replacement strategy. Second, I believe a new federal child support assurance system is a crucial ingredient of a replacement strategy. Third, there are numerous intermediate steps that the Congress can enact now which will bring the nation closer to ultimate enactment of a federal child support assurance system.

Senator Moynihan you have stirred the whole country--Republicans and Democrats alike--by your call for welfare replacement rather than welfare reform. Some of the response reflects unease and fear. But mostly you have aroused hope. An editorial in the Wisconsin State Journal says,"Liberals and conservatives alike know the existing system is flawed; they would do well to pay attention to Moynihan's fresh and sensible ideas."

There are some who fear that your call for replacement heralds an abandonment of the poor and that you would do away with cash aid to poor families headed by women. That is not the way I read your statement and therefore I do not share this fear. It is not necessary to share the view of extremists like Charles Murray that welfare is worse than nothing to believe that we can do better than welfare. Clearly, you are seeking both greater independence and greater economic well-being for poor single mothers. Furthermore, the route to both, as you have said, is the replacement of income from welfare with income from earnings and child support.

It is so evident once you say it, that one wants to ask, "Why didn't we see it before?" The answer is that times have changed. When we enacted the AFDC program as part of the 1935 Social Security Act, the overwhelming majority of single mothers were widows. Widows obviously could not collect child support from their deceased husbands. Furthermore, women with children were expected to stay home and raise their children. Now 98% of children on AFDC have living fathers. Similarly, whereas only a small minority of mothers worked in 1935, the majority of mothers with children now work. These shifts occurred gradually between 1935 and 1987. And, Congress responded slowly but surely by strengthening the public enforcement of private child support obligations and by providing both inducements and requirements for single mothers to work. Now that most children in single parent families also have a living non-custodial parent and now that most mothers work, it has become apparent that tinkering with welfare is no longer sufficient.

Some things, however, do not change. Franklin Delano Roosevelt, Wisconsin's Edwin Witte, and the other architects of our social security system just like Senator Moynihan, President Reagan, and the overwhelming majority of our contemporary political leaders, feared the effects of long term dependence on cash assistance. They said and I quote, "A Democratic socieity has an immeasurable stake in avoiding the growth of a habit of dependence among its youth." So they urged adoption of a Survivors Insurance system which required workers to insure themselves in order to "sustain the concept that a child is supported through the efforts of the parent..." Like the Survivors Insurance System, a child support assurance system is based on the widely accepted concept that to parent a child is to incur a responsibility to support the child.

A child support assurance system is easy to explain. It has only three major components: (1)a simple standard for determining child support obligations, (2)universal income withholding of child support obligations, and (3)an assured benefit.

Under the percentage of income standard, child support obligations are determined in almost every case by a simple legislated formula that states what percentage of the absent parent's income must be shared with his or her child.

Under universal income withholding, all child support obligations are automatically withheld from wages and other sources of income. In other words, they are treated just like income abnd payroll taxes.

Under the assured benefit, children who are legally entitled to receive child support will receive the full amount that their noncustodial parent pays, but no less than a publicly assured minimum benefit.

The state of Wisconsin is in the process of implementing this system. Because of fiscal prudence, the state began in 1984 by first piloting the collection aspects of the reform. As of July 1987, the percentage of income standard and immediate income withholding will be used statewide. The assured benefit is scheduled for piloting in four counties beginning January, 1988.

I have estimated some of the costs and benefits of adopting a federal child support assurance system. My estimates indicate that if only 70% of what non-custodial parents would owe under the Wisconsin percentage of income standard were collected, a zero-cost federal program would reduce by about half both national AFDC caseloads and poverty among children eligible for child support. Let me repeat, a federal child support assurance program can achieve simultaneous big reductions in both welfare dependence and poverty at no extra cost. That's quite a trick! Indeed, you should be asking yourself if you are being addressed by a snake-oil salesman because it sounds as if you will be getting something for nothing.

I do not believe it possible to get something for nothing. So let me explain how you can fund the assured benefit and reduce poverty and AFDC caseloads by one half with no extra cost to the treasury. The additional funds will come primarily from non-custodial parents. My research indicates these parents, including those with low income, can afford to pay substantially more child support than they are now paying. And, the government can assure that much more child support is paid. This increased child support will generate savings in AFDC expenditures.

The AFDC savings can be used to reduce taxes or to increase the economic well-being of children eligible for child support, or some combination of both. In view of the fact that children potentially eligible for child suppport and the mothers who care for most of them are among our poorest citizens, using these funds to improve the economic well being of these families is at the very least the compassionate thing to do. It is also wise. Sharing some of the increased revenues with these families will encourage the mothers to co-operate in establishing the paternity of non-custodial fathers--which is one of the weakest links in the current system.

Congress has already approved two alternative methods of sharing some of the AFDC savings with families eligible for child support. All states are now required to ignore the first $50 per month of child support paid in calculating the amount of the AFDC benefit. One state, Wisconsin, is permitted to use the federal share of AFDC savings to help fund an assured child support benefit. In other words, the savings in Wisconsin will be used to take women outside the welfare system. Which method is preferable: Sharing the gains inside or outside of welfare? If your objective is to reduce the extreme dependence endemic to AFDC—or in Senator Moynihan's words, if your objective is to replace rather than to reform welfare--the answer is clear: Do it outside welfare! I am therefore opposed to the $50 child support set aside within welfare. I urge you to eliminate it and channel the savings generated into an assured child support benefit.

Some might ask "Isn't a child support assurance system, just welfare by another name?" The answer is no. Unlike the welfare system, the child support assurance system is not just a program for the poor. Like our social insurance and public education systems, it serves children from all income classes. Second, unlike the welfare system, it supplements rather than replaces earnings. There is no benefit for the custodial parent and the benefits for the children are not eliminated as the earnings of the custodial parent increase. Finally, to those who ask, "is child support assurance just welfare by another name?" I ask, "Is

Survivor's Insurance just AFDC by another name?" To say so is just plain foolish.

As documented in the article I submitted for the record, the child support system cries out for reform. It condones and therefore fosters parental irresponsibilty. It is rife with inequity. And, it contributes to the poverty and welfare dependence of poor single mothers and their children. The landmark child support bill Congress passed unanimously in 1984 takes giant strides in the direction of a child support assurance system by requiring all states to establish nonbinding guidelines for the establishment of child support awards and to use income withholding in response to a one month delinquincy in child support payments. What is required now is to build upon these steps.

Non-binding guidelines are not equivalent to a simple legislated child support standard. Most of the guidelines that states have adopted or are considering are too complex. Furthermore, they do not prevent the savings from increased child support collections from being eroded by inflation. The best thing Congress could do is to enact a federal child support percentage of income standard, which would automatically link child support obligations to income changes. Short of that, Congress could require the states to make their guidelines rebuttable presumptions for determining child support obligations and/or to periodically update child support orders to reflect changes in the non-custodial parent's ability to pay. Finally Congress could establish a federal minimum child support obligation.

Withholding in response to delinquincy is not equivalent to immediate universal withholding of child support obligations. Does anyone imagine suggests that where it has been pursued as universally as possible, immediate withholding is already increasing collections by a modest amount. Furthermore since our data show that within three years 70% of obligors become delinquint, it makes sense to withhold the child support before the majority of non-custodial parents become delinquints. Thus mandating or at the very least, encouraging the states to adopt laws for immediate income withholding seems like a sensible next step.

Finally, Congress could take any number of steps in the direction of a federal assured child support benefit. In considering this step, I would recommend to you what I recommended to Wisconsin--be cautious and fiscally prudent. Begin by strengthening enforcement. Have the experts in the CBO check my estimates. You can make sure that whatever you enact doesn't cost the government anything, or costs only a little more, or even saves money. At the very least, grant other states besides Wisconsin the right to use federal funds that would otherwise have been spent for AFDC to help fund an assured child support benefit. To do so won't cost the federal government one cent. And, please eliminate the $50 set aside, and use the savings to help fund either a state or federal assured child support benefit. If you want to be more venturesome, but still cautious, Senator Moynihan's proposal to limit the assured benefit to a few years substantially reduces its potential cost. There is precedence for such a time limited benefit in Germany. An equally cautious alternative would be to start with a very low assured benefit. The particular steps Congress should take now depends primarily upon political feasibility--about which you know far more than I. So long as the steps move us from the dismal reality of the current system toward the bright promise of a new child support assurance system, the country will benefit. Thank you once again for the opportunity to contribute to your deliberations. I would be happy to answer any questions.

STATEMENT OF PROF. BARBARA R. BERGMANN, DEPARTMENT OF ECONOMICS, UNIVERSITY OF MARYLAND, COLLEGE PARK, MD

Professor **Bergmann**. Thank you, Senator. I again want to commend you, as many have, on the idea of replacing the welfare system; and I think it is essential to say that we want to replace it not only with something that will get a lot of the burden off the public treasury, but we want to replace it with something which will get these women and children out of poverty.

I think, in order to do that, we need something like the six-point program which I have put in here, which is to a great degree derived from Professor Garfinkel's initiatives and ideas but goes further.

First of all, I think we have to recognize that for single mothers to live at a decent standard, much of their income will have to come from their own earnings; there is simply no other way if they are to live out of poverty.

Any barrier to good jobs for them—lack of training, and sex and race discrimination—need to be attacked; and that is something I hope we will resume in the next Administration.

Second, absent fathers will have to make substantial child support payments, whether the children were born in wedlock or not. They can afford to do so in a considerable proportion of cases. One of the problems in this area is that it is usually envisaged that the typical father of the child on welfare is an 18-year-old dropout. Well, as has been pointed out, he does grow a bit older, and I would like to remind you that the average male high-school dropout earns more than the average female college graduate.

Senator **Moynihan**. Oh, come on.

Professor **Bergmann**. That is true.

Senator **Moynihan**. Why? Do those dropouts know something? Is that a discounted figure?

Professor **Bergmann**. No. This is from the Current Population Survey, and we are not talking about just 18-year-olds. I am talking about people of all ages who say they don't even have a high school degree.

Senator **Moynihan**. Oh, well, I am surprised.

Professor **Bergmann**. So, these people will get to be 25 and 30 years old, and they can—as has been argued—contribute to their children. That underlines the necessity of prompt paternity establishment and keeping track of these people through their lives.

Third, child support payments will have to be assessed and administered like tax collections by a Government agency. The assessment should be by formula, and the collection should be made by payroll deduction. And here I would like to say, Senator, you are distinguished by not being a lawyer—you, Professor Garfinkel, and me—and we have got to get this out of the courts and into administrative offices. Since we have a 99-percent accurate test for paternity, we can get that out of the courts, too. Obviously, we will need the courts as a last resort, but this has to be moved massively——

Senator **Moynihan**. To administrative——

Professor **Bergmann**. To administrative procedures, of course. Last, in the minority of cases in which fathers are incapable of substantial support, Government grants should substitute. I am against making those temporary because what has been found is that if you have these temporary payments, people are afraid to go out and get off of welfare. So, I think they should be permanent payments. The poorer women need permanent payments.

Five, child support payments to single mothers, whether by fathers or by Government grant, should not substantially be reduced or should not disappear—as occurs with welfare—when the mother earns money. This is the most essential way in which child support differs from welfare. Single parents then would end up with wages plus child support, and that is how we get them into the mainstream.

Senator **Moynihan**. Yes.

Professor **Bergmann**. I may say that the way things go now, many welfare mothers don't know they have child support payments. They just get one check, and therefore they probably don't understand that, if they did get a job, that would continue—the child support part of it. So, I think that is an essential reform.

Senator **Moynihan**. One check doesn't make any provision for any marginal taxes on actual Government grants, and they think it is all in there? Yes.

Professor **Bergmann**. That is right. So, it is very important that welfare mothers or single mothers who are getting jobs understand that it is child support and that it will continue.

Finally—and this is something nobody today has said anything about—I think we would need to supplement child support and earnings with some other things. Single mothers and their children need a guarantee of high quality child care and high quality health care, and they also, I think, need access to a somewhat more generous system of unemployment insurance, which is sort of a backup if they can't get jobs.

And you really couldn't replace welfare with child support plus earnings unless you did have some kind of a backup because we don't want kids starving. The backup would have to be something which is a generous system of unemployment insurance plus perhaps a system of access to commodities for their——

Senator **Moynihan**. I am going to ask you to hold right there, at your sixth and final point, so we can exchange a little bit before we absolutely, under law, have to get out of this hearing room.

[The prepared statement of Professor Bergmann follows:]

REPLACING THE WELFARE SYSTEM WITH A CHILD-SUPPORT-AND-JOBS SYSTEM

Testimony of

Barbara R. Bergmann
Professor of Economics, University of Maryland

This testimony is derived in large part from material in my book, The Economic Emergence of Women. [Basic Books, 1986]

The current system for helping the rapidly growing numbers of single parents needs replacement rather than reform. The welfare system traps millions of women and children in poverty and is almost universally acknowleged to be a failure.

Single motherhood is not a passing phenomenon in our community and in our economy. It will not be reduced in the forseeable future by the preaching of good behavior. The children of single mothers are an increasing proportion of all of our children. So we need to begin again to think about long-term solutions to their problems and about a set of policies that would allow single mothers to live in the mainstream of American life.

A system that would replace welfare and would keep single parent families out of povery would include the following elements:

1. For single mothers to live at a decent standard, much of their income will have to come from their own earnings - there is simply no other way. Any barriers to good jobs for them - lack of training or sex and/or race discrimination - need to be attacked.

2. Absent fathers who can afford to do so will have to make substantial child support payments, whether the children were born in wedlock or not. They can afford to do so in a considerable proportion of the cases.

3. Child support payments will have to be assessed and administered like tax collections by a government agency. The assessment would be by formula, and the collection would be made by payroll deduction.

4. In the minority of cases in which fathers are incapable of substantial support payments, government grants should substitute.

5. Child support payments to single mothers, whether by fathers or by the government should not disappear or be substantially reduced - as occurs with welfare - when the mother earns money. Thus unlike welfare, child support payments should not deter employment. Single parents would end up with wages _plus_ child support payments.

6. Single mothers and their children need a guarantee of high quality child care and high quality health care. Because of their particularly vulnerable state, they also need access to a relatively

generous system of unemployment insurance.

THE GROWTH OF THE PROBLEM

In the United States in 1984, 23 percent of families with children were maintained by women who did not have husbands living with them. In 1960 only 7 percent of families with children had been in this situation. The progressive removal of fathers from the homes of their children is going on in all population groups, but is most advanced among blacks. Of all black families with children in 1984, 56 percent were maintained by women. Among whites, 17 percent of families with children were maintained by single mothers.

About a quarter of black children are living with mothers who have never been married. Here, the problem of race in America interacts with tendencies in American society that have reduced the number of people in stable marriages. Past and present discrimination against blacks in schooling and employment makes their opportunities more constricted than those of white Americans. Black fathers are more likely to be unemployed than white fathers, and if employed are more likely to have an unstable job at low wages. Black women are more likely than white women to find the low level standard of living that welfare provides to be the best choice among the set of undesirable prospects open to them. Going on welfare may be the only way that some black women have of becoming mothers and sustaining the lives of their children. Hispanic women also suffer disproportionately from these problems.

The single mother faces sex discrimination in the labor market, and race discrimination as well if she is black. It is no wonder that many single mothers, particularly the ones with especially poor job prospects, "cop out" from the rigors of a harried state of independence and go onto welfare. When they do, they accept a sentence of extreme poverty and pariah status in return for an assured stipend, medical care, and the time to attend to their childrens' needs for nurturing and attention in a relatively leisurely way. An increasing share of the poor in the United States are single mothers who have accepted this pitiable fate as the best avenue open to them for survival.

LIBERAL AND CONSERVATIVE VIEWS ON REFORMING THE WELFARE SYSTEM

The welfare system was set up in a period when married mothers were not expected to take paid jobs. Welfare was designed to allow the unmarried mother the right to choose to be a full-time homemaker - a pseudo-housewife, supported by the government rather by a husband. Women were to remain eligible for assistance as long as their youngest child was under 18. There was little encouragement to take a job; any money that a welfare client earned was subtracted dollar for dollar from her welfare check. Yet in most states benefit levels have never been high enough to keep a mother and her children at the poverty line or even close to it.

Some old-fashioned liberals, many of whom are attached to the idea that women ought to be home with their children, favor more generous welfare benefits, mostly in cash so as to maximize the usefulness to the recipients. These liberals view welfare as necessitated by the failure of our economic and social policies to reduce unemployment among men, particularly black men. Until these men can be enabled to bring home a "family wage" on a reliable basis, so as to support their children themselves, these liberals believe that generosity in welfare benefits is simple humanitarianism.

The old-fashioned liberal view I have just characterized ignores the change in the economic position of women since the Great Depression. Millions of single mothers do currently support themselves and their children, something that would have been impossible in the 1930's. Millions of married mothers are employed as well. Prior to the 1970's it might have been pursuasively argued that being home with her children was the normal place for a good and caring mother. Forcing a mother to abandon the full-time care of her children because she was poor and lacking a man's support would have been considered cruel.

Now, however, the full-time mother is the exception rather than the rule. The housewife-like position of the welfare mother no longer conforms to majority practice. The choice that so many mothers have made to take employment undermines the assumption that husbandless mothers can and should choose to devote themselves fulltime to motherhood and homemaking, at public expense. The classic liberal position on welfare is neither wise nor politically feasible any longer.

Conservatives think that poor people would be better off if they were forced to sink or swim. The vast majority of people not eligible for welfare - women who are not mothers, and men - do manage to "swim", although the growing number of homeless people gives evidence that not all manage to.

What conservatives have not faced is that large numbers of single mothers could not earn wages that would pay for high quality child care, and that would give them a standard of living above the poverty line. Conservatives have not been interested in government programs (such as affirmative action) designed to promote the employment of women in jobs that could get them off welfare and sustain them above the poverty line. On the other hand neither have liberals - their idea of job training for women was limited for the most part to training for stereotypically female jobs at low salaries - data entry clerks, maids, typists.

Conservatives have also been strongly resistent to government-sponsored day care for working mothers. While they think welfare recipients "should not loaf", many of them are basically opposed to jobs for mothers, and do not want to facilitate them. But welfare recipients are mothers, and need day care if they have jobs.

Recently, would-be conservative welfare reformers have looked to work as the solution to the welfare problem. Mickey Kaus in The New Republic has advocated abolishing welfare, but guaranteeing a job paying less than the minimum wage. Others would force welfare clients to "work off their benefits." Both of these ideas guarantee a continuation of poverty for those currently on welfare.

CHILD SUPPORT PAYMENTS FROM ABSENT FATHERS

Improving the flow of child support payments provides the key to the reduction of poverty among single mothers and their children. Currently, a majority of single mothers and their children do not receive from the fathers of those children regular, substantial payments to help with their support. A majority of such fathers make no child support payments whatever. The payments that are made are likely to be small and irregular.

The failure to obtain child support from many absent fathers has been rationalized on two grounds. One argument commonly given is that the fathers who pay little or no child support are themselves poor and are simply unable to pay anything. Another is that the fathers of many children are unknown. It is, of course, true that some fathers are non-employed teenagers, others are disabled, and still others have dropped out of sight. However, researchers have found that in a majority of cases, fathers could pay.

Absent fathers who are divorced (the majority of absent fathers) are not on average poorer than other men. Their average income is about equal to the average income of all male wage earners. A study by Martha Hill of divorced couples showed that only in 10 percent of the cases where the mother was in poverty was the father also in poverty. Only 2.2 percent of ex-husbands would have become poor if they had been forced to share their incomes with their ex-wives and children so as to equalize living standards in the two households. Looking at the fathers of children on AFDC, a number of studies done in the 1979-80 period placed their average income at about $11,000.

The difficulty of deciding whether a man is or is not the father of a certain child has also been exaggerated. Tests now are available with a probability of error smaller than one in a billion.

Up to now, there have been grave deficiencies in the sytem responsible for making child support awards and enforcing them. Judges in divorce cases have had considerable discretion as to whether to make a child support award and as to the amount to be paid. The wide lattitude given to judges has meant that many awards have been far below any reasonable standard. Some judges have seen fit to make awards that were almost jokes - $7 per week per child is one example.

In 1983, the average award was $2521 per year, or about $1430 per child. This means that awards were on average about half of the amount an employed mother - with day care fees to pay - would have to spend to keep a child fed, clothed, housed and cared for at a poverty-level standard of living. After accounting for inflation, child support awards were actually smaller in 1983 than they had been in 1978.

Low as awards were, actual collections were smaller still. Of the $10.1 billion due in child support payments for 1983, only $7.1 billion was received. This is hardly surprising in a culture where payment delinquency is a way of life. Many of us fail to make payments we owe for our cars, our department store bills, on our credit card purchases. The merchants to whom we owe money understand that collection is far from automatic. They send us computerized bills reminding us to pay. When we miss payments they add on interest penalties, and send us letters containing threats that our credit ratings will suffer or our possessions will be seized. By contrast, parents owing child support have been expected to faithfully remind themselves to sit down and write a check each week or each month without the assistance of any of these reminders, penalties or threats.

Where the father has been delinquent, the mother has had to hire an attorney to try to get the court system to make him pay. Being short of funds, she may not be able to do that. At best, she has to wait months for a court hearing of the case. Postponements, non-appearances, excuses, promises to do better string the process out. A father, brought in for a hearing before a judge after months or even years of delinquency, may make partial restitution and promises of regular payment. However, it is not unusual for him to make a payment or two, but thereafter cease paying anything, starting the whole cycle again. After one or two experiences with the expense, aggravation and trouble of hauling a delinquent before a judge, and with the uselessness of doing so, many mothers simply give up on the process. Where the mother and father live in different states the problems are compounded.

Legislation on child support passed by the Congress in recent years has moved us in the right direction. States have been encouraged to improve their systems of enforcement. Social Security and federal tax records can now be utilized to locate addresses for missing parents. The states are encouraged by federal grants to establish computerized billing and monitoring of payments, to secure awards for children on AFDC who do not have them, to arrange for payments to be deducted from paychecks of delinquent parents by their employers. Legislation going into effect in 1985 encourages states to set up systems that start payroll deductions in the case of parents delinquent for a single month's payments.

Some state and local authorities are also showing initiative. In an increasing number of jurisdictions, employers are being required to deduct child support payments from their workers' pay from the onset of the child support award, without waiting for delinquency to occur.

So far reform efforts in the field of child support have been concentrated on enforcing the awards that have been made and getting awards for women who do not have them. We need to become more rigorous in both of these areas. Administrative procedures should replace cumbersome judicial procedures in awards and enforcement, and child support payments should be made through automatic payroll deductions, as taxes are. Both of these lines of attack on the problem are indispensible if we are to progress towards a situation where all biological parents are called on to share their incomes with their children.

However, my research suggests that such measures, desirable and necessary as they are, would by themselves not go very far towards the elimination of poverty among single mothers. Many of the child support awards now being handed down by judges are a low fraction of the cost of a child to a single parent. The problem of inadequate awards should be redressed by mandating a fixed formula, based on the absent parent's income.

A CHILD SUPPORT SYSTEM AS A REPLACEMENT FOR THE WELFARE SYSTEM

A system of child support could form the basis for the abolition of welfare as we know it. Every parent raising children alone would be eligible to receive from the child support agency a set payment based on the number of children and the income of the absent parent. Absent parents would, if they were judged able, make payments into the child support agency along with their regular taxes. Where an absent parent was unavailable to make payments into the system, the government would provide backup payments at some minimum level. In any case, the single parents and their children would receive regular payments.

Professor Irwin Garfinckel of the University of Wisconsin has proposed a system in which each absent parent would pay to the state as a "child support tax" a share of his or her gross income: 17 percent for one child, 25 percent for two, 29 percent for 3, 31 percent for 4, 34 percent for 5 or more. The tax would automatically be witheld from pay. All children with an absent parent would be entitled to a payment from the state equal to what their absent parent had paid or to a guaranteed minimum, whichever was higher. This system is currently under trial in the state of Wisconsin.

After a suitable trial, we should consider the nation-wide adoption of the Wisconsin system, or one like it.

Child support payments are designed to help single parents with the expenses for their children, not to support mother and children, as the current welfare system is designed to do. Since child support payments do not cease when the mother goes to work, the family would have her pay plus the child support payments, which should add up to considerably more than welfare alone. The combination should put almost all employed mothers over the poverty line.

ARE JOBS AVAILABLE FOR MOTHERS NOW ON WELFARE?

When the suggestion is made that single mothers now on welfare (about 3.7 million of them in 1983) would be better off in jobs, the objection is sometimes posed that jobs are not there for them to have. Those who argue in this way seem to be implying that most of the welfare mothers would be unable to get jobs, or would be displacing others, and so reforming welfare would simply increase the number of unemployed people by 3.7 million.

This objection does not take account of the fact that, historically, the labor force has grown continuously, and that except in unusual times, new entrants have been absorbed. As new supplies of labor become available, the economy adapts, and the number of jobs grows. The growth of jobs is not perfectly synchronized with the growth of the labor force, and there are periods of economic ill health when the growth of jobs ceases. But over the longer term the labor force and employment grow at roughly the same rate. In the decade of the 1970s, the labor force grew by 23 million, of whom 13 million were women, and the number of jobs grew about proportionately. There is no reason to believe that the entry into the job market of single mothers coming off welfare would pose any problems of absorbtion not posed by the growth of the labor force from other sources.

Naturally, the absorbtion into the labor force of single mothers currently on welfare will be eased if economic policy can successfully keep unemployment rates low. Low unemployment rates and healthy economic growth are desirable for this reason, and for many other reasons as well. However, the idea that we cannot reform welfare until we have a special guarantee that jobs are available for welfare mothers is erroneous. One might as well say that no new young people should be allowed to come onto the labor force until new jobs have been earmarked for them.

There is a sense, however, in which the unemployment problem of single parents is more acute than that of other people. The consequences of a spell of unemployment are more severe for a single parent than for a spouse in a two-earner couple, or for a single person with no child to support. This suggests that the unemployment insurance system ought to be more generous to single parents in terms of size and duration of benefits.

A somewhat liberalized version of unemployment insurance could be made available to single parents. Like the regular unemployment insurance, it would be limited in duration, but would be available to single parents just entering the labor market. Adequate child support, plus their earnings, supplemented by unemployment insurance, would keep a high percentage of single parents out of poverty.

Single parents have an especial need for good jobs. If most single parents were white men, good jobs would be open to them, and almost all of them would already be self supporting, and above the poverty line. In actuality, of course, most of them are women and many of them are black or hispanic, so that they suffer race and sex discrimination in employment. Effective programs, including training, job creation and affirmative action, are needed to get single mothers into relatively well paying jobs, which few of them now hold.

ENDING THE POVERTY OF SINGLE PARENTS AND THEIR CHILDREN

The millions of single mothers became single mothers because of difficult events in their own lives - they went through out-of-wedlock births, or through separations and divorces. Some of them were unwise in their choice of male companion, some were careless in using contraception, some of them were victims of other peoples' unwisdom, carelessness and uncaring behavior. However we may deplore the unwisdom (or, if one wishes to define it that way, the immorality) of the behavior that made them single parents, we cannot condone a life of poverty for them and their children. It is not likely that the trend towards single female parenthood could be reversed by harsh treatment of the single parents and their children. Preaching to women to be good wives and to men to be good husbands will not solve this problem either.

We will never be able to solve the problem of supporting single mothers and their children just by tinkering with the present welfare system. Other forms of support for single mothers will have to be found that are less of a burden on the public purse, that encourage them to seek employment as other women do, and that create less spite towards single mothers. We need a policy package that has the potential of raising the standard of living of single parents and their children, at the same time reducing their dependence on public funds. Larger and more regular child support payments from fathers, subsidized child care and medical care for employed single parents and better access to jobs with male-level wages are the cure for the welfare problem.

Senator MOYNIHAN. I take it you are much in agreement?

Professor BERGMANN. Oh, absolutely.

Senator MOYNIHAN. You are two academics who have studied this matter. You have taken the subject of economics, Professor Bergmann, and you have studied at the Institute for Research on Poverty, Professor Garfinkel, and you have come rather close together.

Professor GARFINKEL. Yes, I would say that is correct.

Senator MOYNIHAN. We learned this—and we heard some of the tales this morning—your point about the rationalization of the system. The family court and the lawyer and the clients and so forth make for idiosyncratic judgments, make for a great diversity; and all of this has all worked very well or well enough in a situation where you described, as recently as 1960, only seven percent of the families with children were maintained by women who did not have husbands living with them.

Professor BERGMANN. Yes.

Senator MOYNIHAN. In 1984, this was 23 percent and maybe higher today. When you had this before, in a large proportion—the seven percent—the husband was dead. The family courts could handle this aborrent and unhappy condition, but they could do it. Now, it is a normal condition. You said it is going to happen to most children, that is the normal child, the median child.

Professor GARFINKEL. Yes.

Senator MOYNIHAN. Then, the time has come for the modernization process, for introducing an administrative decision. I have a little table here, and it says on taxes if you made $32,000, you go over here and you have three dependents, and we find that you owe $894.00.

Professor GARFINKEL. Yes.

Senator MOYNIHAN. And we don't want to assess your ability to pay or this or that; we just have a table now and it sets down how much will be paid. It is predictable.

Professor GARFINKEL. Yes.

Senator MOYNIHAN. And it goes to administrative judgment rather than individual. We have to.

Professor BERGMANN. Also, it is not invidious. I think another thing which I think is very important about the immediate establishment of payroll deductions is that, if it is done before delinquency and universally, it is not stigmatized. Employers will understand.

Senator MOYNIHAN. Oh, oh, hey—nice. What is routinized—I think that is the word that papers use—when you routinize it, it is devoid of stigmatism. I think you said, Professor Garfinkel, we don't withhold taxes only from those persons who are delinquent or look like they might be to us. There was a time when it was invidious. Someone would say: I won't send in my tax return on March 15th, and I can't be trusted. The point is that if paternity payments are made routinely, there is no suggestion of irresponsibility on his part.

Professor GARFINKEL. Yes. There are two points I want to make. One is a comment to a lot of discussion that went on before about the different measures of how well different States programs are doing. Most of those measures are garbage. They are garbage.

If you ask a Government agency to compare States, please ask them to come up with a good measure. Let me say why it is not a good measure of child support collections as to how much they recover from AFDC benefits. You can improve that measure just by cutting AFDC benefits.

Senator MOYNIHAN. Yes. I mean, the GAO—I am prepared to sit here and say from what I know about New York City and from what I hear about Detroit, there is a difference.

Professor GARFINKEL. Yes, that is right.

Senator MOYNIHAN. And I would like to find out. The whole Federal system gives this to us, and some people figure out how to do it better than others.

Professor GARFINKEL. The other point is a much broader philosophical point. I think some legislation is going to go forward on welfare reform, and I think you are going to be under quite a bit of pressure to do something in the way of welfare reform, rather than welfare replacement. And one has to do with the $50.00 set aside in child support, and I have already spoken about that.

Another one has to do with whether or not you should reinstitute the work incentives within welfare, and I would urge you not to support that and to oppose it for the very same reason. The work incentive should be placed outside welfare. If you place work incentives within welfare, you increase welfare rolls. If you place them outside welfare, you reduce welfare rolls. So, for the same reasons, by the same logic that I oppose the $50.00 set aside of child support——

Senator MOYNIHAN. You oppose the continuation of WIN?

Professor GARFINKEL. No.

Senator MOYNIHAN. Within the calculation of benefits?

Professor GARFINKEL. That part of WIN, yes. I don't oppose the services to help people or the requirements that people should be expected to work; but I think whatever incentives you create should be outside welfare because that will reduce the welfare rolls.

Senator MOYNIHAN. The last question I would like to ask of Professor Bergmann. Would you share that view?

Professor BERGMANN. Yes, yes, very much so. I would like to add just one thing, and that is we have had a lot of people here from the States. And obviously, the States have taken up this thing and made improvements and made efforts; but I would urge you that we think pretty soon of federalizing this whole business.

Senator MOYNIHAN. Federalizing?

Professor BERGMANN. Federalizing the child support system, particularly since there are so many interstate cases; particularly so many of the States are lagging; particularly as so many of the State formulas are not particularly good.

Senator MOYNIHAN. You are going to let me proceed with all deliberate speed on that, are you not? [Laughter.]

Professor BERGMANN. That unfortunately is not a good phrase historically, but you are the politician.

Senator MOYNIHAN. We thank you so much for your excellent testimony. We can wrap up an extraordinary day of hearings.

I have to say that because of our time constraints, the last three witnesses—Ms. Ginnie Nuta, Mr. Jack Kammer, and Mr. David

Levy—were not able to be heard this afternoon. They will be recalled as our first witnesses on March 2.

With that, and with thanks to our staff and to the indefatiguable reporters over there, and this camera which keeps an eye on us no matter what we seem to be doing, I thank one and all; and we close this third hearing.

[Whereupon, at 2:28 p.m., the hearing was adjourned.]

[By direction of the chairman the following communications were made a part of the hearing record:]

DEPARTMENT OF HUMAN RESOURCES

WILLIAM DONALD SCHAEFER
Governor

TELEPHONE

Office of the Secretary

RUTH MASSINGA
Secretary

ERNESTINE F. JONES
Deputy Secretary

WRITTEN TESTIMONY

OF

ANN HELTON, EXECUTIVE DIRECTOR
OF THE MARYLAND DEPARTMENT OF HUMAN RESOURCES'
CHILD SUPPORT ENFORCEMENT ADMINISTRATION

TO THE

UNITED STATES SENATE
FINANCE SUBCOMMITTEE ON
SOCIAL SECURITY AND FAMILY POLICY

ON

CHILD SUPPORT ENFORCEMENT

FEBRUARY 20, 1987

TESTIMONY TO THE SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, MY NAME IS ANN HELTON. I AM THE EXECUTIVE DIRECTOR OF THE MARYLAND CHILD SUPPORT ENFORCEMENT ADMINISTRATION. THE PURPOSE OF MY TESTIMONY IS TO EMPHASIZE THE SIGNIFICANT ROLE THAT CHILD SUPPORT HAS ALWAYS PLAYED IN CONTRIBUTING TO THE SELF-SUFFICIENCY OF FAMILIES, A ROLE THAT CONTINUES TO EXPAND. THIS IS CLEARLY DEMONSTRATED IN THE GROWTH OF OUR NON-AFDC ACTIVITIES: OVER THE PERIOD FROM 1981 TO 1985, THE NUMBER OF NON-AFDC FAMILIES SERVED NATIONALLY GREW FROM 1,154,701 TO 2,159,025, a 86.98% INCREASE. IN MARYLAND ALONE, THE NUMBER OF NON-AFDC FAMILIES SERVED DURING THIS PERIOD GREW FROM 15,820 TO 79,202. STATES DO HAVE A GROWING AWARENESS OF WHAT LEVEL OF SERVICES ARE REQUIRED TO HELP SINGLE HEAD OF HOUSEHOLD FAMILIES. THESE FAMILIES RELY ON THE RECEIPT OF CHILD SUPPORT TO SUPPLEMENT THEIR EARNINGS SO THAT THE HOUSEHOLD CAN EXIST INDEPENDENTLY OF THE WELFARE SYSTEM. WE ARE ACUTELY AWARE THAT RECEIPT OF THAT SUPPORT IS OFTEN THE DETERMINING FACTOR WHICH PREVENTS THE HOUSEHOLD FROM APPLYING FOR AFDC.

AS THE COMMITTEE EXAMINES AND RE-SHAPES FEDERAL POLICIES RELATING TO THE EXISTING ASSISTANCE STRUCTURE, I URGE YOU TO RE-EXAMINE THE ROLE OF CHILD SUPPORT AS IT WILL RELATE TO THE NEW STRUCTURE. WE NEED TO VIEW THE CHILD SUPPORT PROGRAM WITH A NEW EYE AND IN A DIFFERENT WAY FROM HOW IT HAS BEEN VIEWED IN THE PAST.

WHAT SHOULD THE NEW ROLE OF CHILD SUPPORT BE UNDER A REFORMED ASSISTANCE STRUCTURE?

- THE FEDERAL OFFICE SHOULD BE STRUCTURED SO THAT IT HAS, AT A MINIMUM, PARITY WITH OTHER OFFICES WHICH ARE PART OF THE ASSISTANCE STRUCTURE. TOP LEVEL ATTENTION NEEDS TO BE PAID TO THIS PROGRAM ON A REGULAR BASIS, NOT JUST IN ELECTION YEARS.
- THE FEDERAL EMPHASIS NEEDS TO SHIFT FROM COST-RECOVERY AND "PROFITABILITY" TO THE DELIVERY OF SERVICES THAT IN THE LONG-RUN LEAD TO FAMILY INDEPENDENCE. THE PROGRAM OUGHT TO BE VIEWED AS AN INVESTMENT IN CHILDREN AND FAMILIES, AND AS A PROGRAM THAT FOSTERS THE FAMILY'S SELF-RELIANCE AND KEEPS IT FREE OF THE WELFARE SYSTEM. WE WILL ALWAYS BE MORE COST-EFFECTIVE THAN LONG-TERM ASSISTANCE.
- RESOURCES OUGHT TO BE MADE AVAILABLE TO PROVIDE THE SERVICES NEEDED. THE JOB OF COLLECTING SUPPORT FOR FAMILIES WHO NEED IT IS NOT NEARLY DONE. WE ARE CURRENTLY COLLECTING ONLY 25% OF THE AMOUNT OWED TO FAMILIES EACH YEAR. WITH ADEQUATE RESOURCES, WE CAN COLLECT ALMOST ALL OF THE MONEY OWED. IF THE ADMINISTRATION'S PROPOSAL FOR THE FY '88 BUDGET IS ADOPTED, THE FEDERAL MATCH WOULD DROP FROM 68% TO 66%, AND WOULD CRIPPLE OUR EFFORTS TO AUTOMATE AND FINISH THE WORK WHICH WE BEGAN WHEN WE STARTED TO IMPLEMENT THE 1984 CHILD SUPPORT AMENDMENTS.

MARYLAND, IN MY OPINION, IS IN THE VANGUARD OF WELFARE REFORM. RIGHT NOW, WE ARE CONDUCTING EXPERIMENTAL PROGRAMS IN THIS AREA, EVEN THOUGH THE FEDERAL STRUCTURE REMAINS UNCHANGED. FOR EXAMPLE:

° WE INTEND TO TEST A PROGRAM TO DEVELOP JOB SKILLS AND FIND EMPLOYMENT FOR YOUNG, UNWED FATHERS WHO ENTER OR MOVE THROUGH THE CHILD SUPPORT PATERNITY ESTABLISHMENT SYSTEM.

° THE GOVERNOR HAS APPROVED SPECIAL FUNDING AND STAFF TO MOUNT A CONCENTRATED EFFORT TO PUT ALL ELIGIBLE ARREARS CASES UNDER WAGE WITHHOLDING; WE EXPECT COLLECTIONS TO INCREASE BY $58 MILLION OVER A THREE YEAR PERIOD AS A RESULT OF THIS.

° MARYLAND WILL INCREASE ITS PRIORITY ON PATERNITY ESTABLISHMENT ESPECIALLY IN THE AREA OF INTERSTATE CASES.

° GUIDELINES FOR ORDERING SUPPORT LEVELS ARE MOVING TOWARD ADOPTION IN MARYLAND AND THE BASIC CONCEPT EMBODIES THE RESPONSIBILITY OF BOTH PARENTS TO SUPPORT THEIR CHILDREN; UNDER OUR FORMULA, IF THE MOTHER VOLUNTARILY DOES NOT WORK, INCOME IS ATTRIBUTED TO HER.

° MARYLAND'S INCOME MAINTENANCE STAFF WILL BEGIN TO HIRE A MORE PROFESSIONAL WORKER WHO'S JOB WILL BE TO VIEW THE TOTAL FAMILY NEEDS, INCLUDING JOBS AND TRAINING AND NOT SOLELY CONCENTRATE ON ISSUING GRANTS.

IN CLOSING, I REQUEST THAT YOU GIVE SERIOUS CONSIDERATION TO STRENGTHENING THE FEDERAL ROLE FOR THE CHILD SUPPORT PROGRAM AND THAT YOU UNDERSTAND THAT WE HAVE ONLY JUST BEGUN TO REALIZE OUR POTENTIAL TO HELP FAMILIES REMAIN INDEPENDENT OF ASSISTANCE. THE JOB MUST BE DONE AND REAL WELFARE REFORM MUST STRENGTHEN THE GOVERNMENTAL PARTNERSHIP BETWEEN CHILDREN AND THEIR PARENTS, THEREBY ENDING THE PARENTAL CONTEMPT FOR THE RESPONSIBILITY TO SUPPORT.

TESTIMONY OF JACK KAMMER, EXECUTIVE DIRECTOR,
THE NATIONAL CONGRESS FOR MEN, WASHINGTON, DC

Mr. Chairman:

It is an honor to be with you today. I trust my comments will be helpful to you in finding a solution to a tragic problem. [I am especially happy to be speaking before you, Mr. Chairman, because I know you appreciate the necessity of sometimes saying things that are considered ideologically incorrect.]

We are trying here today to discover the most efficient means for assuring that our nation's youth are supported financially. There is talk of laws and computer systems and reciprocal agreements and administrative procedures all designed to do one thing -- to make a person do what he does not otherwise feel motivated to do.

I would urge the subcommittee to stop for a moment, to close your eyes in a figurative sense, to clear your minds, and to

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re-open your eyes with a fresh outlook. I'd like to discuss an entirely new way to view and approach the problem.

First let me establish the point that the National Congress for Men fully supports equal rights between the sexes. In the original and fullest sense of the term we are staunch feminists. In fact, when reporters ask why fathers issues are becoming so hot these days I answer that our membership is growing younger and younger. We are becoming a group of men who grew up with feminism, who support feminism, who now wonder why it has stopped in midstream, and who are determined to see that feminism continues on its mission of providing equality between men and women.

On the issue of non payment of child support, the National Congress for Men would urge that one set of basic questions be asked. And we would urge that any answers proposed for these questions be scrutinized for sexist assumptions about fathers in particular and men in general. Indeed, the very problem of non-payment of child support is often mistakenly discussed in sexist terms, when non-custodial mothers have no better record, in fact a far worse record of support compliance than men.

The basic questions would be these:

- Why do men get married in the first place?
- Why do men give up their freedom and assume the heavy financial burdens marriage brings?
- Does it seem likely that men will cooperate in fulfilling their obligations when the reason they assumed the obligations have been taken away?

I would suggest that the primary reason men get married is to achieve precisely what divorce invariably takes from them -- feelings of love, of family, of stability, of belonging.

One of the sexist biases I alluded to a moment ago is that men care only about money. That bias is manifest in the claims that men's standard of living goes up after divorce while women's and children's goes down. Those statistics are cruel distortions, but even if they were true, we should recognize that only in a narrow sense does money make for a high Standard of Living. We urge you to considert that when men get married it is to achieve a higher Standard of Loving. You have heard of the Feminization of Poverty. Perhaps it would be a good idea to begin to focussing on what Bernard Goldberg, a CBS correspondent writing in the NYT, called the Masculinization of Loneliness.

And even if we refuse to consider any value except those that can be expressed in dollars and cents and percentages, please consider this: I am not married, I am, in fact, not even divorced. I am simply a man who wants his chances for meaningful fatherhood protected. No financial counselor has ever suggested that I should get married, raise a family, then have my wife divorce me so that my Standard of Living will rise. The point is so simple that we miss it entirely. Men voluntarily lower their economic Standard of Living in order to achieve the love and affection, the feeling of purpose and connectedness that only a family can provide.

For that ~~we~~ men are willing to pay. For that, we say I do.

In the absence of that, we need to have hearings like these.

And we wonder aloud why and how men can be so unloving. And we fall into our sexist assumptions about men in general and fathers in particular.

Let us recognize that the most effective system for getting fathers to pay child support is to honor and re-vitalize fatherhood itself. If fathers do not support their children, let us not examine the father and what we can do to him. Let us examine his fatherhood, and what we as a society did to it at the time of his divorce, and what we do to it every day that we regard fatherhood as an inferior brand of parenthood.

Now I will be among the first to admit that not all fathers have a well-developed concept of love for their children. But I would suggest that they are a minority whose ranks can be made even smaller by a determined effort to bolster our national appreciation for fatherhood. If we can elevate fatherhood to the lofty position motherhood so rightly holds, men will be less likely to throw it away, women who truly love their children will be less likely to interfere with the father-child relationship after divorce, and judges will be less likely to throw the father out with the wedding vows.

And if I may continue into the arena of unwed and teenage pregnancy just briefly, I would suggest that enhancing our national esteem for fatherhood would encourage young men to guard their procreative capacity as they would gaurd the keys to a treasure chest.

As things are today, however, too many fathers, too many young men, too many young women and too many mothers regard fatherhood as a biological curiosity.

Overall, Mr. Chairman, I would urge that we as a nation focus on the opportunities of fatherhood rather than the obligations. With the opportunities sufficiently understood the corresponding obligations will be happily met.

~~Enforcement~~ will then be the exception rather than ~~the rule~~.

In addition to the program Mr. Levy will outline for you, Mr. Chairman, I would urge you to propose an exciting initiative. Recommend that a mere 1% of the federal Child Support budget be designated for fatherhood enhancement, to restore fatherhood to its essential place as a cherished national resource.

The National Congress for Men, Mr. Chairman, has a bumper sticker that Time magazine called militant. It says simply "My children have a father!," (exclamation point). It was designed as a message to be proclaimed as well by women as by men, as well by mothers as by fathers. It is the kind of message America needs to see more of.

Fatherhood is a resource America cannot afford to waste. Fatherhood reduced to finance is wasted indeed.

Thank you.

Organization for the Enforcement of Child Support, Inc.

119 NICODEMUS ROAD • REISTERSTOWN, MARYLAND 21136 • (301) 833-2458

March 10, 1987

William J. Wilkins
Staff Director and Chief Counsel
United States Senate Committee on Finance
Room SD-205
Dirksen Senate Office Building
Washington, D.C. 20510

RE: WELFARE: REFORM OR REPLACEMENT?

Dear Mr. Wilkins:

Kindly include this written statement in the printed record of the hearing of February 20 on child support enforcement. Thank you.

The Organization for the Enforcement of Child Support, Inc. (OECS) is a national self-help group of volunteers, devoted to the premise that every child shall receive the emotional and financial support to which he is legally and morally entitled. The organization assists state and federal agencies in many ways. OECS began in 1979 in Baltimore County, Maryland, and has served people in every state and U.S. territory, as well as people in seven foreign countries. Governments of Turkey and Canada have corresponded with us, as well. There are now more than 25 chapters of OECS across the Nation.

Members of OECS have voiced their concerns about the new welfare reform proposals. We believe that substantial changes must be made in the welfare system as it exists today; not only in the routine administration of monthly grants, but also in the methods of determining eligibility for numerous related programs. We see the necessity for cutting the taxpayers' burdens and have always perceived the issue of non-support of children by non-custodial parents as a direct tax impact on the general public. But we also view the entire problem from a different perspective than that of many people who have not been closely involved.

We believe that the United States Senate should be concerned with three major courses of action:

1. To force every capable non-custodial parent to assume his/her financial responsibilities toward his/her children.

Many years ago, the Federal government found that the best way to collect income taxes is by automatic payroll deduction in every case where a person is employed. Why not use the same methods for collecting child support as have been proven effective in collecting income taxes? There is no better way to enforce payment of an obligation. For far too long, absent parents have been aware that child support payments are optional and only need to be paid if one wishes to do so. Even the Child Support Enforcement Amendments of 1984 cannot be considered a panacea. These new, stronger laws are still too week to be very effective. Our august lawmakers must stop bending to protect the obligors and do more to protect the innocent little children. Kindly review the attached statistical facts and quotes.

"REPRESENTATION WITHOUT QUALIFICATION"

2. To protect the rights and lives of those legitimately in need.

Families who have been deserted by the principal wage-earners should not bear the primary burden of self-support. AFDC mothers with several small children cannot be expected to provide a decent living for their families without the assistance of reasonable amounts of child support, some kind of health insurance or medical assistance, and/or some rent and food subsidies. It is not understandable why the government should advocate payments for child case costs in order to require mothers to be working and absent from the homes. We feel that children should be raised by their own natural parents, rather than being removed from their homes and raised by day care workers. In discussions with several day care providers, we have found the general feelings to be that "NO ONE LOVES A CHILD LIKE ITS OWN MOTHER -- EVEN THOUGH IT MAY BE GIVEN GOOD QUALITY CARE IN A DAY CARE ENVIRONMENT." Also, we ask that you consider the much-publicized cases of child sex abuse in day care settings.

Why is society so willing to contribute to the breakdown of the remaining family core after the principal wage earner leaves? Whom is being punished? It is, as usual, the children who suffer.

Why are we going to reward the State governments for contributing to this family breakdown and further abuse of the innocent children?

3. To stem the tide of recurring and/or routine welfare dependency.

Tremendous efforts must be made to change the system for governmental subsidization of periodic illegitimate births. We feel that a mother can make one mistake; but she should not remain eligible for a life on welfare by giving birth every five years. This is an area which needs complete revision -- for the good of the taxpayers, the government agencies, and for the future of society and its values.

Thank you for your consideration. Please do not hesitate to contact this organization if there are any questions or if there is need for additional information.

Sincerely,

Elaine M. Fromm

Elaine M. Fromm
National President

PLUS

Second Husbands Alliance
For
Fair Treatment

P.O. Box 403, Ellicott City, Maryland 21043

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March 10, 1987

William J. Wilkins
Staff Director and Chief Counsel
United States Senate Committee on Finance
Room SD-205
Dirksen Senate Office Building
Washington, D.C. 20510

RE: WELFARE: REFORM OR REPLACEMENT?

Dear Mr. Wilkins:

Kindly include this written statement in the printed record of the hearing of February 20 on child support enforcement. Thank you.

As Executive Coordinator of Second Husbands Alliance For Fair Treatment - SHAFFT -- I am in a position to see other facets of the child support dilemma. When a man marries a woman who has children from a previous marriage, he inherits problems to which a first marriage is not subjected. He must share his home, his table, and his life with children who are not of his blood. The great majority do this without qualms and out of love.

The biggest problem is the absent parent. Many will stop paying child support when the stepparent enters the picture. They will use the cop-out: "She has a new husband now; let him raise 'em". The stepfather must spread his resources thinner. If the mother was already employed, she may wish to continue working to help make ends meet. If the mother was on AFDC prior to her second marriage, she may lose vital services for her children. Even if there was a child support payment received by the State agency, it possibly wasn't enough for the family to survive on and a supplemental grant was in order. This was the life her second marriage rescued her from -- out of the fire into the frying pan!

In these times of high inflation, it is essential that there are two incomes in the modern family. Unemployment sometimes makes that difficult. Sometimes the primary breadwinner -- in this case the stepfather -- may be unemployed. This creates another unique problem.

At the bottom of all these problems in the welfare of the children. They are deprived of fiscal support when the absent father stops his child support payments. They are deprived of fiscal support when the absent father stops his child support payments. They are deprived of nurturing because their mother must go out into the job market and leave them in day care -- or worse -- as latch-key children. As these children grow older, the urge to be independent is not balanced by parental guidance. This is when all sorts of troubles manifest themselves.

We, of SHAFFT, feel that there must be some balance between welfare reform for single parent families and the children that are in that limbo between "too little" and "just enough". There was, at one time, a supplemental program that eased the burden of stepfathers who accept the responsibility of non-supported children. It has been dropped from the overall welfare program for budgetary reasons and left many children deprived by its demise.

We also feel that while the welfare program must be upgraded for stepchildren and, in fact, all dependent children, something must be done about "professional welfare recipients." There are those women who have an illegitimate child and receive AFDC until the child reaches the age when the mother may return to work. At this point, the woman becomes pregnant again. There are cases where there are several children in one single-parent household, all with different, or unknown, fathers. Of them, the girls also have children. Some of these girls are barely into their teens! Here we have the problem of multiple-generation welfare. Added together, the collective grants may add up to more than the family unit could earn in the job market, thus producing a disincentive to work among the members of this "welfare commune."

It is quite doubtful that programs such as sex education or birth control will stem the tide of "convenient births". The problem must be approached with an attitude of: "Fool me once, shame on you! Fool me twice, shame on me!" If there is no increase in grant for more than one illegitimate child, the girls will "suddenly discover" where babies come from. Confirmed putative fathers of these children could also have their grants reduced to pay support for their offspring and only then would the mother receive a supplement.

There must be an upgrading of job training; not only for mothers of these children, but the fathers as well. If the father is unemployable because of lack of job skills, he is more of a liability. He is 1) physically able to work; 2) could be supporting his own children; 3) would be a taxpayer. One working father could have the potential of removing three people from the welfare roles -- the child, the woman, and himself; and adding to the coffers from which those who cannot work are subsidised. Employable mothers have the potential of supporting their children and themselves and also add to the tax base. There will have to be subsidised day care or an encouragement of child care facilities at the work place.

These views and suggestions are based on problems I have encountered as a stepfather and as a non-custodial parent. Also, these are observations of the welfare program, in general.

We, of SHAPPT, feel that enhancement of programs for child support enforcement, prevention of out-of-wedlock pregnancies (particularly among teenagers), and job skills education would do much to reform the welfare fiasco and ease the burden on the budget and the taxpayers.

Enhancing the child support enforcement program would be a significant step toward achieving the goal of welfare reform. Since over 87% of the families on AFDC are enrolled because of non-payment of child support, any strengthening of the projects outlined in the Child Support Enforcement Amendments of 1984 would reap formidable gains for the families and the taxpayers. Attempts to reduce the federal financial participation in State projects are stymieing the very law that was passed by the Congress three years ago. Some States are even engaging in Case Closing Projects as a method of lowering costs and enhancing productivity. This merely entrenches difficult cases more firmly into the welfare rolls. It is like robbing Peter to pay Paul. What money is saved in child support enforcement is used for AFDC! Automation and computerization will increase productivity and collections. Clearinghouses will be more readily established and better able to communicate with each other. More equitable enforcement will be attained from State-to-State. State laws will become more uniform by necessity and the "mobile deadbeat" will have nowhere to hide. The stepfather will get a hand from the natural father in caring for his new family. The budget deficit will drop. The taxpayers will breath a little easier. There are billions of unpaid child support dollars to be collected. We owe it to the kids to try to get them.

Sincerely,

Wm. E. Fromm

William E. Fromm
Executive Coordinator

AN INTRODUCTION TO SHAFFT

With the increasing incident of divorce, there are proportionately more second marriages. More and more second husbands are taking on the responsibility of ready-made families. Many are supporting a family of a previous marriage themselves, but unselfishly shoulder the new burden.

A few years ago, Jerry Reed had a hit song titled "She Got the Goldmine; I got the Shaft!" It was about some "poor boy" who got caught cutting out on his wife and wound up in divorce court. She got the kids, the house, the car, the TV, and child support; he wound up with nothing. Well, I don't know what State he was divorced in, but it is impossible for that to happen to anybody.

As for a woman getting the "goldmine", it is one thing to get it; another to work it! There are women with court orders that would let them raise their kids comfortably and only have to work one job to do it. The ex-husband is in good enough financial shape to take the amount in stride but would rather spend the money on some high-priced lawyer to get him out of it. He steals from his kids to give to the rich!

Enter the new man into the woman's life. He falls in love with her and marries her and takes her children into his life. He provides a home, food and other necessities for all of them AND THEY AREN'T EVEN HIS! Their problems become his; the biggest problem is child support. He isn't poor, but he sure could use a hand. Dad is laughing all the way to the bank and Stepdad is the one who is getting the shaft.

That is why there is a need for the second husbands to organize to do battle with the deadbeats and welshers who feel that it is not their responsibility to support their children. Next to "She won't let me see the kids", the excuse, "She's married again; let him raise 'em", is the second most used cop-out for not sending child support. It is up to us -- the second husbands -- to band together and stand behind our new wives and their children and all the women and children that are getting the shaft.

The goal of Second Husbands Alliance For Fair Treatment -- SHAFFT -- is to see that their stepchildren and ALL children of single parents shall receive the support that is irrevocably theirs. SHAFFT is joining with the Organization for the Enforcement of Child Support to present a united front against the inequities suffered by children of many broken families -- or those that never were. We are in complete accord with OECS, philosophically and politically. We must educate our constituency, the public and the policy makers that this problem is not just a battle of the sexes or contest of lawyers, but a problem of children that threatens their very survival -- physical, mental, and emotional.

We have presented our views to you. We need your comments. We need your support -- spiritual and financial. Please join with us in this most noble cause. It may affect the future of your new family and the lives of millions of children caught up in the dilemma of unpaid child support. We say to those who will not honor their responsibilities:

We are raising YOUR kids!

We are doing YOUR job!

YOU OWE US!

THE SUN MARCH 13, 1987

Increase in number of unmarried mothers in Md. causes concern

By Jane A. Smith

The percentage of single women having babies in Maryland is greater than the national average — a worrisome statistic because families headed by women are the ones most likely to be poor, a report issued yesterday by the Maryland Committee for Children Inc. says.

In 1984, 29 percent of all births in Maryland were to unmarried mothers, up from 25.7 percent in 1980. According to the report, 62.8 percent of all non-white mothers who gave birth that year were not married, compared to 14.5 percent of white women.

Nationwide, 21 percent of all births in 1984 were to single women, compared to 18.4 percent in 1980, the report says.

"Single women are beginning to think that they can have children and take care of them by themselves, that the economic need for a two-parent family isn't necessary. But the demographics don't support that," said Sandra J. Skolnik, the executive director of the children's advocacy group.

For example, last year 21.9 percent of the 577,000 families in Maryland with children under 18 years old were headed by women with no husband present, and more than a quarter of those households were officially poor.

The 53-page status report on children, families and child care delivers both good news and bad, but one thing is clear: The family with two parents — a father who works and a mother who stays home to raise the children — is mostly a thing of the past.

In 1986, 75.8 percent of Maryland mothers with children under age 18 were working, compared to 57 percent in 1980. Nationally, 71.5 percent of mothers with children under age 18 were employed last year.

> "Single women . . . think that they can have children and take care of them by themselves."
>
> SANDRA J. SKOLNIK

In Maryland, 73.7 percent of mothers with children under age 6 worked in 1986, compared to [illegible] percent nationwide, the report says.

Mrs. Skolnik said one of the biggest concerns of the children's advocacy group is: "Who is going to take care of the children?"

"We are seeing enormous increases in the number of working women with young children. And there's a total lack of day care," said Mrs. Skolnik.

"There are 648,000 kids under the age of 14 whose mothers are working, and only 10 percent of them are in regulated child-care programs," she said. To ensure the safety of children, the committee would like all day-care providers to be licensed.

The committee follows up on 20 percent of the people who use its referral service to try to find child care. Of that sample, "we're finding a good 30 percent can't find any care at all," Mrs. Skolnik said.

Finding child care is particularly difficult for families with handicapped children. As a result, the income of those families tends to be lower because one parent must stay at home, Mrs. Skolnik said.

"There is absolutely no day-care expansion" in Gov. William Donald Schaefer's proposed budget, she said, and the number of subsidized slots falls far short of what is needed.

There are 7,946 subsidized day-care slots statewide for children whose parent or parents qualify — 3,000 to 4,000 fewer than needed, Mrs. Skolnik said.

"The best way to get day care for your kids is to beat them. It may be the only way to get care for your kids if you are poor," she said, noting that top priority is given to abused and neglected children.

Mrs. Skolnik said officials are unrealistic when they talk about taking women off the welfare rolls and putting them to work without addressing the question of who will take care of their children.

"How can you talk about economic development without talking about day care?" she asked.

At a news conference yesterday, the committee, as well as Ruth Massinga, director of the state Human Resources Division, said it is time for private industry to take some responsibility.

Mrs. Skolnik said last year's federal income tax overhaul should encourage companies to provide "cafeteria-style" benefits to employees. A wife covered under her husband's medical insurance, for example, should be able to replace her medical benefits at work with day-care subsidies, or substitute payments into a retirement plan with day-care subsidies, she said.

"Employers are beginning to realize that if they help their employees they will get increased productivity, see lower turnover and have an easier time attracting people," Mrs. Skolnik said.

The good news in the committee's report is that Maryland families who have both parents present are making it.

The median family income for white families was $35,919 in 1984, compared to $30,058 nationwide. The median income for black families was $33,621, compared to $23,418 nationwide.

For families without husbands, the figures dropped dramatically, in part because women earn an average of 64 cents for every dollar men earn, the report says. The median income in a household headed by a white woman was $18,544 in 1984, compared to $11,482 for a family headed by a black woman.

"What is happening in Maryland is wonderful if you are in an intact family. Where the real poverty comes is when you are talking about female heads of households, which are increasing," Mrs. Skolnik said.

The number of teen-agers giving birth is dropping. Births to women 19 and younger accounted for 12.7 percent of the births statewide in 1984, compared to 14.9 percent in 1980.

In Baltimore, the rate has dropped from 26.3 percent in 1980 to 23.6 percent in 1984, the report says.

Nationwide, the percentage of teen-agers having babies dropped from 15.6 percent in 1980 to 12.9 percent in 1984.

STATEMENT OF THE CENTER FOR LAW AND SOCIAL POLICY

TO THE
SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY
COMMITTEE ON FINANCE
UNITED STATES SENATE

March 16, 1987

Written by:
Alan W. Houseman, Director
Paula Roberts, Senior Staff Attorney

INTRODUCTION

The Center for Law and Social Policy is a nonprofit public interest law firm whose major focus is improving the security, stability and self-sufficiency of America's low-income families with children. The Center's goal is to advocate, at both the state and national level, for policies which will eliminate poverty in all families whether headed by a single parent or by two parents.

In doing this work, the Center has come to realize that both state and national leaders derive much of their thinking about low-income families from the legacy of the English Poor Laws. Three important principles of these laws have found their way into American social policy. First, the poor can be divided into two categories: The "worthy poor" are impoverished through no fault of their own (e.g., the sick and aged) or because they cannot find work. "Paupers," on the other hand, are those who refuse to work. Paupers represent a moral pestilence and have to be controlled, put in the poor house, and made to work. Second, distinguishing between the "worthy poor" and "paupers" is a function best performed at the local level. Thus, administration of any program--be it community-based or removal to the poor house--is best left to local governments. Finally, in order to encourage people to seek employment, any welfare system has to pay less in benefits than can be obtained by working. Indeed, conditions of relief should be so odious that one would do anything to avoid them.

Thus, until the 1930s, there was no national effort to help poor families. State and local governments established poor houses for "paupers" and tried to find jobs for the "worthy poor." There was enormous ambivalence about helping single mothers or mothers who had been deserted by their husbands. As philanthropist Josephine Shaw Lowell, writing in 1884, put it:

> It ought to be understood in every community that where a man deserts his wife and children and neglects his most pressing duties to them and to the public, that they will be left to suffer the fate he has prepared for them...It is a wrong and a great wrong, to give help to the family of a drunkard or an immoral man who will not support them.

In short, men were expected to work to support their families. Widows, unmarried mothers and women who had been deserted were also expected to take employment to support their children.

Eventually, states did institute Mother's Pension programs to help single parent female-headed families but these, consistent with Poor Law concepts were discretionary, paid low benefits and many had work requirements attached to them.

The Great Depression created a surplus of labor. In part, to provide incentives to deserted mothers with young children and to widows to leave the paid labor force, the Social Security Act created AFDC. This federal program was not so much born out of altruistic concern with the plight of poor women and children as with the desire to give the available jobs to men. Moreover, while the federal government pays part of the cost, the Poor Law concepts that eligibility determinations should be made and benefits levels set by state or local governments was incorporated into the program.

In the following decades, attitudes toward mothers working outside the home shifted back and forth. Ultimately, mothers began to be a major part of the labor force as it became necessary for a family to have two wage earners in order to have a decent standard of living.

At the same time, American family law was being revolutionized. Liberalization of divorce laws percipitated a huge increase in the number of divorces obtained. Changes in attitude toward and the legal status of children born outside of marriage made single parenthood more viable. However, it also greatly increased the number of families needing assistance in establishing and enforcing child support obligations. There were, however, no good support enforcement systems in place, both because they were not part of the English legal system and because they had heretofore not been needed on a large scale.

Despite these developments, it was almost 30 years before work requirements were added to the AFDC program and 40 years passed before there was even an attempt to establish a system for collecting child support from the absent parents of low-income children. In the meantime, no broad program was developed to provide cash assistance to two-parent families, benefits were low and there was substantial evidence that the system was administered in a racially discriminatory manner.

Nonetheless, critics of the system rarely focused on these inadequacies. Instead, during the 1950s and early 1960s, they re-invented "paupers," this time blaming the welfare system itself for creating a "culture of poverty." Stripped to its essentials, the "culture of poverty" theory argues that the poor have different values, aspirations and psychological characteristics than the rest of society.[1] These differences are largely negative, creating and perpetuating poverty. Moreover, these negative characteristics are passed on from generation to generation thus creating a permanent class of poor people.

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[1]. The latest version of the culture of poverty thesis is what the American Enterprise Institute has incorrectly labeled a new form of poverty--"behavioral dependency."

During the late 1960s and 1970s, scholars cast doubt on this theory for a variety of reasons, including the fact that its proponents based their arguments on an extremely small subset of the poor and made sweeping generalizations from very limited data.

More recently, using information obtained by the Panel Study of Income Dynamics (PSID), a long-term study of poverty in America, researchers have concluded that while there is a group of persistently poor people in America, they are not young, black, inner-city ghetto residents or welfare mothers. Rather, one-third are elderly or live in households headed by an elderly man or woman; two-fifths live in households headed by a disabled person. Moreover, they live mainly in small towns or rural areas, largely in the South.

Nonetheless, there are subgroups in the population who are forced to use the welfare system for long periods of time. Recent work suggests that most AFDC recipients do leave the program within two years. One-sixth, however, remain for eight years or longer and 24% will eventually use AFDC for ten or more years. Of particular concern are young black women who enter the system as teenage parents.

Evidence exists that some of this problem stems from high unemployment among black men. Not only are these men poor and thus unable to support themselves, but they are also unable to support a family and thus form traditional family ties. This leaves young black women without potential mates, forcing them into opting for out-of-wedlock births, single head of household status and, inevitably, poverty. It also forecloses marriage--the major avenue out of poverty for AFDC mothers.

What all of this suggests is that it is time to give up notions based on antiquated English laws and develop an American perspective on the problem. This would involve 1) recognizing that failure to establish and enforce child support obligations is a major cause of poverty which requires national solutions; 2) forgetting distinctions between "paupers" and the "worthy poor" and accepting that people want to work to support their families; 3) understanding that there are structural barriers in our current economic system which prevent people from obtaining employment and addressing those barriers; and 4) establishing a uniform national system of benefits to assist both single and two-parent families meet their economic needs.

The failure to adopt such an approach has meant that low-income families have become more numerous, more destitute and far less self-sufficient. While poverty in two-parent families is a serious problem, poverty is especially pervasive among female-headed families. For minority children living in female-headed families the situation is unconscionable--66.5% of all black children and 71% of all Hispanic children living in such families are poor.

One of the causes of this poverty is that fathers are not ordered to pay child support and/or do not pay the amount ordered. A 1983 study by the Census Bureau found that 42% of female-headed families had not even obtained a support agreement. The study further found that only 51% of mothers who obtained a support order received the full amount of the meager support awarded and 24% received nothing. The amounts received pulled few out of poverty; indeed, the amounts received were extremely low compared to the amounts earned.

Since most absent parents are males whose earnings are higher than those of women, there are many who can and should be contributing to the support of their offspring. At least one study asserts that absent parents should be paying $16 to $24 billion more each year in child support than they currently do. Such support may also make it possible for many women to secure income from both wages and child support sufficient to raise their families out of poverty.

At the same time, the Center recognizes that failure to provide child support is not the only cause of poverty in single-parent families. To the extent that these families are headed by women (and especially minority women), the existence of sex and race discrimination in the workplace, the lack of affordable child care and the inability to obtain health insurance all discourage or prevent single parents from entering the wage labor force. Failure to raise the minimum wage and failure to require employers to provide even a minimal package of benefits mean that those who do enter the labor force are still poor.

One approach for these families is marriage or remarriage. With two wage earners, most families can escape poverty. However, given the current problems of unemployment and underemployment, this option is often not available. Thus, for both men and women, something must be done to expand the number and quality of available jobs, and job training opportunities.

Finally, in the short run many people need, and in the long run some people will require, an income maintenance system. As the collection of child support is improved and the availability of jobs expanded, it may be possible to limit the number of families with children needing such assistance. It may also be possible to change the system to a different model, either by using the tax system more creatively or switching to a child support assurance system similar to the one which Wisconsin may shortly implement on a pilot basis in four counties. In the meantime, there is a need to improve benefits and expand coverage so that both one- and two-parent families can maintain minimal decency when the economy cannot supply them with a job or family responsibilities preclude working outside the home. It is critical to remember the care and nurturing responsibilities of parents and incorporate a recognition of those responsibilities in any new system. It is true that 62% of married mothers with children now participate in the paid labor force, but less than one-third work full-time year round. Thus, even if working mothers are the norm, full-time working mothers are not. And, if married mothers do not work full-time year round, can single mothers legitimately be expected to do so and still have time to be good parents? As Theresa Funicello, addressing the plight of single mothers, has poignantly expressed it:

> The not-so-supermom has a job at Chock-Full-o'-Nuts bustling on her feet all day, and then returns home and bustles some more. While dad isn't there to add to the laundry, neither is he there to defray the cost of a washing machine or to take out the garbage. He also can't help with the kids in even the most minor of ways. The not-so-supermom has an additional problem. Unless she has a trusted relative or friend who will take care of her children, she must entrust her small child to the cheapest alternative, and her slightly older child to the mercy of the neighborhood. Her self-respect may be higher than the welfare mother's, but that can go down the tubes quickly if the local junkies take an interest in her son, or the bargain babysitter turns out to be a child molester.

Before discussing specific steps which should be taken, however, the Center wishes to underscore one essential point: a strategy which combines better child support enforcement with better job opportunities and a more adequate income maintenance system will work to end poverty in families with children. No one piece alone will do it. Moreover, the three elements must be implemented in such a way that they reinforce one another, not work at cross-purposes as so many individual policies often seem to do.

The Center believes it is no accident that Massachusetts, which pioneered the innovative ET choices employment and training program, has gone on to develop, and will shortly implement, a child support enforcement strategy which complements the jobs strategy. It is not unplanned that Wisconsin's support enforcement plan also includes a work expense offset for custodians based on hours worked to help them combine employment with family responsibilities. Such comprehensive thinking should also be incorporated into federal strategies.

CHILD SUPPORT ENFORCEMENT

Before developing a child support system, it is important to articulate the principles on which such a system should be based. We believe the following are appropriate:

1. Every child has two parents. Both are responsible for the financial well-being of the child. Once both parents accept this responsibility, government's role is to a) assist them in doing so; and b) supplement their efforts, if necessary.

2. For children in single-parent families, government must have in place an effective and efficient system for establishing paternity (if necessary), and securing support from the child's absent parent.

3. Both absent and custodial parents should be assisted in fulfilling their obligation to their children by being eligible for education, training and support services necessary to make them employable.

4. Once employed, absent parents should be required to contribute according to their ability. Government should supplement this payment, if necessary, for the child to live in minimal decency.

At the current time, government attempts to fulfill its responsibility by providing child support enforcement services under the IVD system and supplemental or substitute payments through the IVA (AFDC) system. Both of these systems are greatly flawed.

The IVD system has two major flaws. First, it is a federal system superimposed upon 51 different state systems. While the 1984 Amendments to the Child Support Enforcement Act attempt to bring some uniformity to the system, there is still enormous variation between the states on how things actually work. This creates particular problems in interstate enforcement. But that is not the only place where problems related to state law emerge. In paternity, there are still states where fathering a child out-of-wedlock is a crime; where the only way to establish paternity is through the criminal process; where there is no simple procedure for voluntary acknowledgment of paternity. In many cases, this makes the process more acrimonious and costly than it needs to be. This, in turn, makes states hesitant to put resources into paternity establishment.

While Congress might rightly hesitate to federalize family law at this point in time, there are steps which could be taken to ease at least the interstate enforcement and paternity establishment problems this year. The federal Office of Child Enforcement (OCSE) has issued proposed regulations which may help in clearing up some of the interstate problems. However, these regulations have not yet appeared in final form. Moreover, given OCSE's less than impressive oversight of the implementation of the 1984 Amendments, it would be a mistake to assume that there will be a swift end to the problems. Congress should hold oversight hearings this summer to inquire about the success of these new interstate efforts. If progress is not forthcoming, then a special section should be added to the Title IVD outlining exactly how interstate cases are to be handled.

In addition, Congress should act in the paternity area. 42 U.S.C. §666(a)(5) of the law should be amended to require that states, in addition to allowing the establishment of paternity of any child prior to the child's 18th birthday, have available and use a civil procedure for establishing paternity in contested cases and a simple declaration system for establishing paternity in uncontested cases. At the same time, 42 U.S.C. §655 should be amended to provide states with special incentives to establish paternity in contested cases and/or to completely federalize the cost of blood tests and appointed counsel for indigent defendants in contested paternity actions.

Another step which should be taken at this time involves wage withholding. At the present time, states are required to have wage withholding available as a remedy when an absent parent falls into 30 days of arrears. The simple fact is that at that point harm has already been done. Moreover, the process for getting the withholding in place can take another 3-4 months. If, on the other hand, income withholding were a part of every order from the beginning, arrears would not accumulate and lengthy waits for enforcement would not occur.

This, at least, is the theory behind Texas' and Massachusetts' new laws as well as the experiment being conducted in Wisconsin. It is too early to tell whether the theory works as well in practice as on paper. Texas' law is only one year old; Massachusetts is not effective until July 1987; Wisconsin has partially implemented its law, but it is not fully operational. A federal mandate that withholding occur in all cases at the time an order is entered may, therefore, be premature. However, it may be wise to provide financial incentives to states to experiment with the concept and evaluate its utility, in preparation for a broader mandate, if one is appropriate.

The problem of superimposing federal law on state law is only one flaw in the IVD system, however. The second is that the system itself is not universal. In nearly every state, there are three classes of people: 1) AFDC recipients who must use the IVD system; 2) those who can afford to use the private legal system and thus have no contact with IVD; and 3) low- and moderate-income people who cannot afford private counsel, are not AFDC recipients, and would like to use the IVD system. This trifurcation yields a system which does not treat all people equally. The inequality is based on income and the result not surprisingly, is second-class system for the poor and middle class.

The consequences are predictable. Despite the 1984 Amendments, non-AFDC recipients do not yet have equal access to the IVD system. Some do not even know the system exists: others are at the bottom of the state's priority list. For AFDC recipients, the situation is also grim. While nominally in the system, the quality of service available to them is often very low. In some states they may try to proceed on their own, but in many they cannot, either because they lack resources or are forbidden by state interpretation of the AFDC assignment law. Thus, time and time again paternity is not established or support not pursued for AFDC children by the IVD system, and their parents are helpless to do anything about it.

Ultimately, a universal system in which all people participated would be better funded, better staffed and more efficient. In the meantime, there are two areas where Congress might act to improve the effectivenss of the existing system.

First, all IVD cases would be better handled if every state had an automated clearinghouse or central registry system. The Child Support Enforcement Amendments of 1984 mandate that the states have a variety of tools available to establish and enforce support obligations. These tools are meaningless, however, unless the state has a coherent information system in place which can 1) locate absent parents; 2) identify whether an absent parent is employed or owns property; and 3) maintain accurate payment records so that enforcement can be undertaken in a timely manner. The best way to insure that this will happen is to have a central registry or clearinghouse.

Effective July 1, 1981, Congress gave states the option of establishing such a clearinghouse, 42 U.S.C. §654(16), and receiving 90% of federal match for the cost, 42 U.S.C. §655(a)(1)(B). As of October 1, 1986, 27 states had enacted legislation authorizing some form of central registry; according to OSCE, 33 states had received approval and funding for such systems. However, it is unclear how many are actually operating. Because accurate information is so vital to the proper functioning of the remedies envisioned by the 1984 Amendments, states should be *mandated* to *establish* and *use* an automated clearinghouse system. Congress should also authorize the continuation of the 90% match funds in current law, not cut back on this money as suggested by the Administration in its budget and testimony.

Second, major improvement would occur if OCSE established minimum staffing standards for state and local IVD offices. The lack of such standards is a major reason why non-AFDC clients are not served and AFDC clients are badly served.

Pursuant to 42 U.S.C. §652(a), the Secretary of HHS is supposed to set standards for state IVD programs "as he determines to be necessary to assure that such programs will be effective." The Secretary is also required to establish minimum organizational and staffing requirements for state IVD agencies. To fulfill this mandate, the Secretary issued regulations at 45 C.F.R. §303. Sections 303.2 through 303.15 describe the duties state and/or local IVD agencies are to undertake. Section 303.2(b) then says the state IVD agency must have "sufficient staff" to carry out its enumerated duties. Section 303.20(c) says the state or local agency providing direct services must also have "sufficient staff" to carry out its duties. Finally, Section 303.20(f), says states must have "sufficient numbers" of attorneys, investigators and support staff for an effective program. These regulations have not been revised since 1982. To make the 1984 Amendments work and to insure that services are provided to non-AFDC clients, HHS must be directed to set specific staffing standards with precise numbers for all categories of workers in both state and local IVD system.

IMPROVING PUBLIC BENEFITS

As with child support enforcement, a discussion of public benefits improvements should start with a statement of principles. The Center suggests the following:

1. All families whether headed by one or two parents should be eligible to seek help when it is needed.

2. Those whose need stems from unemployment, underemployment or employment which does not provide sufficient income to lift their families out of poverty should be assisted along with those whose need stems from physical or mental disability or family responsibility which precludes their participation in the paid labor force.

3. Public benefits should be sufficient to maintain a family in dignity.

Legislation can be passed this year which requires all states to cover two-parent families who meet the income and assets test of their AFDC programs. At the same time, the 100 hour rule found at 45 C.F.R. §233.101(a)(1)(i) and the requirement of prior work force attachment found at 45 C.F.R.

§233.100(a)(3)(iii) should be abolished and the statute amended so that unemployed and underemployed parents as well as working parents with very low incomes could participate in both AFDC and Medicaid. This would also ameliorate the effect of the contraction of the unemployment insurance program which has left many families without cash support to meet basic needs.

Broadening eligibility should be accompanied by establishing a minimum benefit level. Currently, AFDC benefits levels are far below the poverty line. In half of the states, they are less than 50% of the poverty line. The typical state offered a benefit equal to 41% of the poverty line--$379 a month ($4,550 a year) for a family of four. Including food stamps does not bring AFDC families up to the poverty line (except in Alaska); in half of the states, the combined benefits are below three-quarters of the poverty line. Even more appalling has been the precipitious decline in the purchasing power of AFDC. In the typical state, benefits are now 33% lower than in 1970, after adjustment for inflation.

In the long run, the approach suggested by the American Public Welfare Association to establish a family living standard in each state makes sense. In the short term, each state should be required to pay combined AFDC and Food Stamp benefits equal to its standard of need in FY 1988. This would substantially increase benefits in 14 states.[8] Then each state should be required to update its standard of need and required to pay the full standard by FY 1989. This could be accomplished by amending 42 U..S.C. §602(a)(23).

In conjunction with this step, improvements should be made in the implementation of the child support disregard authorized at 42 U.S.C. §§602(a)(8)(vi) and 657(b)(1). The amount of income available to single-parent AFDC families could be increased up to $50 per month if the disregard were properly administered. Moreover, a reliable child support disregard would provide an incentive to both custodial and noncustodial parents in establishing and enforcing support obligations.

Unfortunately, states do not like the $50 disregard because they believe it is difficult to administer and reduces their reimbursement for AFDC paid out. They therefore have tried a variety of ways to sabotage it. Among them are 1) not pursuing parents with orders of $50 or less because only the custodian would benefit from collection; 2) delaying logging in collections so that, for example, a May payment is not recorded until June, and then denying the $50 disregard because the payment is not

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[8]. Alabama, Arizona, District of Columbia, Idaho, Illinois, Louisiana, North Carolina, Ohio, Pennsylvania, Texas, Utah, Vermont, Washington and West Virginia.

"current support;" and 3) in interstate cases, holding payments in the obligor's state and then forwarding them quarterly to the custodian's state so that they are all considered payments on arrears, again denying the $50 disregard.

OCSE has basically condoned this, taking the position that all they are required to do is audit the states every three years and impose penalties if problems are found through the audit.

Legislation requiring the states to increase the AFDC grant of every recipient for whom there is a child support order should be enacted. The burden would then be on the state to make collection with which to reimburse itself. If it decided not to collect orders of less than $50, it would bear the burden not the family. If it did not collect or log in the payments on time, that would no longer matter to the family.

EMPLOYMENT OPPORTUNITIES

Anyone who works with low-income parents recognizes their overwhelming desire to be able to participate in the paid labor system as the primary means of supporting their families. The real question is how to tap into this desire and make paid labor a real option for those who wish it, whether they are currently receiving public benefits or not. Again, a statement of principles is helpful:

1. The goal of any education, employment or training program for low-income people should be to raise family income above the poverty line.

2. All low-income people should be offered the same opportunities to participate in government-sponsored education, employment and training programs. Programs for the AFDC population should not be separate from those offered to other groups such as the unemployed, underemployed or dislocated workers.

3. The financing and incentives of any program offered should encourage participation by the most severely disadvantaged and not be limited just to those who are easiest to serve. Special emphasis should be placed on assistance to those with literacy deficiencies, low-job skills and no previous employment. All opportunities should be equally available to men and women.

4. The primary barrier to low-income people obtaining jobs that will lift their families out of poverty is a lack of basic educational attainment. Thus, the first step in any program should be to insure that the participant obtains basic math and literacy skills through a high school degree or an equivalent skills training program.

5. A second major barrier to low-income people obtaining jobs which will lift their families out of poverty is sex and race discrimination in the workforce. Renewed emphasis must be placed on the enforcement of civil rights laws, on ending sex-segregation in the workforce and establishing pay equity.

6. A third major barrier to low-income people obtaining jobs which will lift their families out of poverty is the lack of affordable health care coverage and dependent care. Universal access to affordable health care and dependent care must therefore be a priority in any new initiative.

7. Beyond providing education and insuring the availability of health care and child care, government has a role in providing or subsidizing job training. Any training offered, however, should be jobs which:

a. are actually available in the economy;

b. do not track people on the basis of sexual or racial stereotypes;

c. have longevity;

d. have wages which will provide an income above poverty;

e. provide fringe benefits; and

f. do not displace workers in the existing private or public workforce.

8. The responsibility for assuring that job training services are provided to AFDC recipients should be clearly placed within a single state agency to minimize confusion, duplication and bureaucratic delay. All services should be periodically evaluated taking into account both the immediate results and the long-term effects on the economic security, stability and self-sufficiency of the family.

9. In regard to AFDC recipients, before participation in education or job training is required

a. an individual assessment should be undertaken which considers both parental needs and parental responsibilities for the nuture and care of children;

b. child care, attendant care, transportation or other necessary support services are provided;

c. steps are taken to insure that the participant will not suffer a loss of income as a result of participation; and

d. volunteers wishing to participate in the offered programs are no longer available.

10. To encourage AFDC recipients to enter the paid labor force, the benefit reductions rates in AFDC should be lowered and applied to all applicants and recipients and the Earned Income Tax Credit should be adjusted for family size and disregarded in calculating eligibility and benefits in government benefit programs.

We realize that the kind of program which these principles require cannot be implemented without substantial new resources and considerable restructuring of the AFDC and job training systems. That is not going to happen this year. The discussion of welfare-to-work programs, however, offers an opportunity that may not come often--the opportunity to break from the limited and counterproductive efforts of the past.

Based on extensive research,[8] we now know:

--most welfare recipients will find jobs on their own and do not need work programs, job search or work experience to stimulate their return to the work force;

--those who have never been married when they began receiving AFDC, dropped out of high school, have no recent work experience, or entered AFDC when they were very young or their youngest child was less than three years old, are likely to be long-term recipients and to have the greatest barriers to employment;

--those who can be helped the most by education, job training and work experience are those with the greatest barriers to employment;

--to help those with the greatest barriers requires intensive efforts which cost money and which focus on upgrading basic skills and providing essential supportive services;

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[8]. The recent GAO report, WORK AND WELFARE: Current AFDC Work Programs and Implications for Federal Policy, January 1987 summarizes much of the recent literature and findings. The Manpower Demonstration Research Corporation findings are reported generally in Gueron, Judith, Reforming Welfare With Work, February 1987. A thorough review of training programs and research findings is found in Orfield, Gary and Slessarev, Helene, Job Training Under the New Federalism, 1986. A summary of the data on long-term recipients is found in "Welfare Dynamics and the Nature of Need," Greg J. Duncan and Saul D. Hoffman, Data Journal, Vol. 6, No. 1 (Spring/Summer 1986).

--left alone, most states will emphasize those with less serious employment barriers and make few efforts to assist those who need more intensive and expensive assistance;

--day care must be made available if the most disadvantaged are to be effectively assisted; and,

--low-wage employment will not result in long-term gainful employment unless the family has other income and the family's needs for day care and health care coverage are met.

These steps cost money. If little or no new money is available, then it will be necessary, indeed essential, to target what resources are available at those for whom intervention and assistance can make a long-term difference.

Federal financial incentives should be utilized to encourage states to (1) provide concrete and effective assistance to the most disadvantaged recipients and (2) produce measureable long-term results. Such assistance should specifically include remedial education, basic skills training or assisting AFDC recipients to obtain high school or post-secondary degrees or their equivalents. Financial incentives could include greater federal share percentages, return of some federal savings to states, and funds earmarked for the hardest to serve.

However, until we know more about what is effective and until studies are done of some of the statewide employment-training programs such as Massachusetts ET, California GAIN, and Michigan's MOST, we should leave the means by which states reach these goals up to the states. At the same time, states should be specifically encouraged to limit programs to a few geographic areas and not to expand them until they have proven successful; to use existing job training programs, such as the Job Training Partnership Act (JTPA), and other experienced job training programs already operating within states; and to use community-based organizations who are engaged in job training or education. Federal barriers, such as the dual responsibility between the Department of Labor and Health and Human Resources for the WIN program, should be eliminated.

No employment training will be effective unless funds for child care are provided and child care providers increased. In Massachusetts, for example, approximately half of the ET funds are used to pay for child care. The GAO report and numerous other studies have found that child care is the major barrier to participation in education, skills, job training and other employment preparation programs. It is essential, therefore, to permit and encourage states to use funds for employment training on child care as well as increase other funding for child care. Some caution is necessary, however. Expanding available child care cannot be accomplished overnight. And assisting recipients with child care could become a major problem if such assistance results in utilization of child care arrangements which do not provide for stability and quality of care.

Finally, employment training programs will be successful only if health care and child care are continued during employment. These critical services are not provided in most jobs available to AFDC recipients. Thus, transitional provisions must be made by government to assure continuing child care and health care during the initial years of employment. While Medicaid permits states to cover health care for AFDC recipients, these state options could be made mandatory and increased for 18 months or longer, and new state options created for providing continued coverages for periods thereafter. Any new employment-training legislation should make funds explicitly available for child care and permit states to extend child care coverage, possibly using sliding-fee schedules, for several years after a family leaves AFDC for employment.

Two other steps are necessary to improve opportunities for low-income families to enter the labor force. First, the AFDC income disregard provisions should be modified to eliminate the dollar-for-dollar reductions in benefits for earnings and to apply the same rules to all recipients and applicants. The existing provisions create different disregards depending on how long the AFDC recipient is working and apply no disregards to applicants. This step would encourage employment and provide increased benefits to AFDC families that work. It would also eliminate disparities in tax rates between poor working welfare mothers and other workers and simplify welfare administration. Second, the Earned Income Tax Credit should be adjusted for family size and disregarded in calculating AFDC and food stamp eligibility.

Until sufficient funds are appropriated for effective employment, education and vocational training programs and critical child care, health care and other support and transition services, the worst possible steps would be to legislate mandatory requirements that will spread limited money over the entire AFDC population. Specifically, it would be folly to

--impose work requirements on all AFDC recipients;

--set up performance standards that limit or rely primarily on measuring job placements or short-term earnings gains. Such standards will encourage states to produce immediate results with little impact on the hardest to serve. We have substantial doubts about using output performance standards which include other criteria because of the lack of existing data and the difficulties of objective measurement. Until these problems are adequately solved, it is possible to utilize other objective measures such as number of long-term dependents served;

--limit the services that are to be provided to job search or direct placement. These are the least inexpensive and less useful services that could be provided to the most severely disadvantaged with the greatest barriers to employment.

Not only will such steps have no significant effect on long-term welfare recipients but they will again be used to show that social programs do not work and will thus discredit the entire endeavor.

Our proposals for voluntary programs are based on the effectiveness of the programs in Massachusetts and a number of other states and four pragmatic concerns.

First, mandatory programs cannot be effectively implemented and targeted on the most severely disadvantaged without substantial resource commitments. Such resource commitments are unlikely in the near future. Mandatory programs without significant new funds will primarily, if not exclusively, utilize job search and other employment preparation techniques that will not have any significant impact on long-term welfare recipients (who need more intensive assistance, particularly in acquiring basic skills). Moreover, mandatory programs with limited funds will increase the pressures on states to provide minimum child care assistance or encourage arrangements which will not last and which provide care of questionable quality.

Second, employers do not want to train or hire employees who are forced to participate and who are not motivated to work. Employers want to hire those who will work hard. Employers do not want to train new employees unless they will stay employed. Those with the most severe employment barriers are the most difficult to train and the least likely to remain in the workforce for any substantial time. (Their ability to stay employed is also directly related to the availability of health and stable child care arrangements.) It is particularly important, therefore, that those who are referred for job training and employment have the necessary motivation, skills and available child care. Mandatory programs do not meet these essential conditions.

Third, mandatory programs create disincentives for states to utilize their staff effectively in assisting AFDC recipients become ready for employment. An effective program requires staff to carry out thorough individual assessments, help broker critical services, help arrange suitable education or training, and assist the recipient to overcome attitudinal problems. Making a program mandatory relieves the state of these responsibilities and places them solely or primarily on the recipient.

Finally, a mandatory program requires the development and implementation of a system of sanctions and procedural protections for recipients. These are costly to operate, difficult to implement, subject to arbitrary decisionmaking, and generally disruptive of relationships between the welfare, education or training personnel and the recipient.

Worries about state inaction can be addressed without imposing mandatory programs. A voluntary program can be coupled with financial incentives and even requirements on states to engage in effective outreach and program proselytization to encourage volunteers to participate.[4]

As you consider these issues we urge you to think practically. If requirements must be imposed, impose them only to the degree they are consistent with program capacity to enhance employability and self-sufficiency. Thus, requirements for registration, assessment, completion of education, or participation in existing and available programs may have an appropriate role. General work requirements, mandates for all to engage in job search, requirements that all somehow enter job training or accept employment and required participation in workfare programs that are not structured to the needs of an individual recipient are beyond the practical capacity of most states to deliver, create problems for employers, are costly to administer and have little effect on improving the immediate or long-term employability of those recipients with the greatest need for assistance. And those existing programs, particularly the Community Work Experience Program (CWEP), that do not produce beneficial results and which result in harrassment of the poor should not be continued.

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[4]. There has been much talk about a contract between the states and the recipient with mutual obligations. The American Public Welfare Association and National Governors' Association call it a social contract. This notion has several positive aspects that should not be dismissed out of hand. However, the terminology is confusing because what is suggested is that recipients, as well as the state, could enforce the contract. Until the state is prepared and has sufficient funding to deliver on its side of the bargain, it is deceptive and unrealistic to talk about mutual obligations that are mutually enforceable. And it is improper to call the imposition of mutual obligations a contract if the only enforcement on the recipient side is to be freed from obligation.

CONCLUSION

Your subcommittee and the Congress has an opportunity that may not come again for another generation. If you start with workable and practical approaches that can achieve success, you can build for a positive future. If you attempt too much, if you impose new programs without sufficient funding, if you rush to implement new ideas that have not been tested, you will set back the effort to improve the lives of the AFDC poor. Our suggestions can be implemented in this Congress and will set the framework for continued incremental reforms in the future. We welcome the opportunity to join with you in making a difference to those recipients of AFDC who have the bleakest prospects for economic security and self-sufficiency.

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